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# THE THREAT OF AN ANGLO-AMERICAN HEGEMONY

BY CRANE BRINTON

RIGHT after the British general election of 1945, there were commentators who remarked that now, of course, the British would line up with the Russians against the Americans in international politics. Such remarks sound absurd in 1946, and those who made them very confidently in 1945 were not among the wisest of their profession. But their error should remind us that it is very hard indeed to predict the combinations of international power politics. Research could no doubt dig up individual publicists or politicians who foresaw in 1701 the Prussia of Frederick the Great, who predicted in 1750 the famous Diplomatic Revolution of 1756 which made allies of Bourbon France and Hapsburg Austria after two centuries of enmity, who realized right after Sadowa that Prussia and Austria would fight on the same side in the next world war, or who guessed right in September 1939 as to just who would be fighting whom at the end of this war. But most even of the experts were wrong—or silent—at those times. Prediction in sports is hard enough, but at least the teams are known; in the bloody game of war, without umpire and without rules, not even the teams can be known very far ahead.

At the moment, however, it looks as though an Anglo-American team were lining up against a Russian team. Precedents of the half dozen world wars that have been fought since our modern system of nation-states grew out of the Middle Ages are against any immediate renewal of large-scale warfare in our day. There have always been squabbles among victors and near-victors at the end of such world wars, but something—perhaps just plain exhaustion—has kept the nations from renewed general warfare. Indeed, the general atmosphere of international relations seems no worse now than it was in 1815, and rather better than it was in 1713,

when cleaning up after the War of the Spanish Succession proved a long task. But precedent may not apply in these days of the atomic bomb; and any clear-cut dual alignment of powers or groups of powers must always be considered a threat to the peace. Moreover, the very great present strength of the United States and the British Commonwealth and Empire combined might be a temptation to leaders in both countries to try to realize something like Cecil Rhodes' old dream of a *pax anglo-saxonica*. The present opposition between a Russian and an Anglo-American bloc may not last; it may dissolve into other oppositions, or it may be resolved in a genuine international order. But at the moment it is the major fact of world politics, and worth trying to analyze.

A clear, conscious desire to achieve Anglo-American hegemony, domination, world-rule (the term must necessarily be imprecise if it is to be useful) is almost certainly held by relatively few individuals, British or American; and even in a foggier form of general imperialistic aggressiveness it is by no means common among Americans, British, Canadians, Australians and other English-speaking peoples. There simply isn't the combination of doctrine, organization and leadership for outright Anglo-American aggression such, for instance, as the Nazis had. For one thing, the two nations still have their own private super-patriots. A joint team of Beaverbrook, Harmsworth, Luce and McCormick would get even less far than journalists usually do in this world. And however closely many American and British bankers—or bureaucrats—see eye to eye on many matters, they have clearly not worked out any neat plan of world conquest. The best-organized Anglo-American groups are probably those associated with the aims of Mr. Clarence Streit for federal union between Britain and the United States; and Mr. Streit and most of his followers are kindly and unaggressive souls, with no desire to make their proposed union a means of world hegemony.

If there really is a plot for Anglo-American hegemony, the plotters are more astute than such plotters usually are. There is, however, the real possibility that, especially in opposition to

Russia and Russian satellites, Britain and the United States will gradually grow into the kind of practical identity that will produce a tool their own imperialistic minorities can hardly help using. We may jointly blunder into an empire as Rome is said by historians like Tenney Frank to have stumbled into hers. It is therefore worth while trying to list the forces that seem to be driving the United States and Britain together against Russia, and to estimate what other forces may resist or counteract this tendency.

We must, of course, note the existence in both countries of aggressive nationalist minorities who would like to have either the United States or Britain, or both, do what the Nazis have just failed to do. Right now, as we have seen, these people are by no means agreed, if only because they cannot get beyond British or American patriotism. But it is quite possible that a man like Churchill has worked out a satisfactory solution for himself, one that on the whole subordinates the British to the American element in the mixture. Important groups in the ruling classes in both countries may gradually come together on a formula for what will in fact be an American Commonwealth and Empire, with the British Isles by no means its center. Not all of the British ruling classes are anxious to accept a junior partnership in such an enterprise, and there are, of course, British Leftists (not necessarily Communists) who would oppose it to the last. Nevertheless, there clearly are conscious, if small, groups in both countries working toward an Anglo-American alliance for hegemony.

More important, at any rate at the moment, is the existence in both countries of thousands of people of all classes for whom Red Russia is already the unavoidable foe. It is probably true that in neither country is there an upper-class group quite as desperately frightened of Communism as were the French upper classes of 1939. On the other hand, it seems likely that in both countries distrust of Communism—and complete identification of Communism with the present Russian government—are perhaps

more widespread among ordinary people than on the continent of Europe before the war. The existence of such feeling is a commonplace, and there is no need to attempt here to analyze or measure it. The important thing is to note that such feelings are not readily or rapidly reducible by the best-meant liberal or Leftist propaganda, that they have undoubtedly been strengthened in recent months, and that they will have to be got round or surmounted rather than eliminated. Fear of Communism is one of the forces which may, especially among conservatives, cancel out the nationalistic feelings that still keep Britain and the United States apart.

Less obvious is the fact that in both countries all kinds of nice people—the kind that would normally be quite willing to accept labels like internationalist, liberal, humanitarian—have been brought by what they know of Russia's postwar policy in eastern Europe, in Iran and in Manchuria to regard Russia as possibly the next villain in the play, the heir to Hitler's aggressive role. Here again we need not go into the complex question of just what Russia is aiming at, and whether these British and American men of good will are or are not misjudging her. If you are cynical enough—or, perhaps, detached enough—you may maintain that the United States in China, Britain in Iraq, and Russia in Rumania are in practically identical positions. But only the already very disgruntled are ever converted by the argument of "a plague o' both your houses." Nothing could be clearer in the history of both Britain and America than that important groups of the kind we are now discussing—the nice people—very readily focus their moral indignation on the imperialist sins of other lands—France, Germany, Russia. Many of them are quite unshaken by the familiar biblical instance of the mote and the beam; and those who are shaken will conclude that in fact the foreign body in the neighbor's eye is a trifle bigger than the one in their own, and at any rate must be removed first.

Thus on both sides of the famous line through the Center, American and British opinion has of recent months grown more

anti-Russian, and therefore reconciled to what looks more and more like an Anglo-American bloc. Both powers continue to maintain commitments—especially those of Britain in the Near East and those of the United States in the Far East—which look very much like what used to be called “spheres of influence.” Each government seems to be pretty consistently backing the other up all over the world. Churchill’s Fulton speech merely said what a good deal of Anglo-Saxon precedent in political matters would regard better unsaid—but certainly not undone.

It is clear that numbers of important people in Russia are persuaded that there is a plan for Anglo-American world rule; it is also clear that Russian policy is at least in part conditioned by fear of such British and American aggression. Indeed, in the short run, in the present, the essential problems we face are the same whether we diagnose Russia’s behavior as due essentially to Russian fear and insecurity, or to a desire to expand and dominate. Common sense, as well as Freud, suggests that there is a direct and continuing relation between insecurity and aggression. Moreover, unless we are to neglect the lessons of modern social psychology, we must recognize that Russian fears of Anglo-American aggression will not be in the least allayed by the most rational arguments we may put up to show we are not aggressive, and indeed, will only slowly be allayed by anything at all we can do or say. The same holds true, no doubt, of our own fears of Russian aggression—which is merely to emphasize the depth of the world’s political neuroses.

An effective Anglo-American hegemony could be gained only after the defeat of Russia in another world war. Russia might, of course, not be defeated in such a war, in which case there would be at least an end of talk of Anglo-American world rule. Once established, however, a *pax anglo-saxonica* might turn out almost as good as the *pax romana* was during its relatively brief effectiveness. (We often forget how short in fact was the really orderly rule of the Roman Empire.) But it would be a poor thing compared with the union of free peoples men have dreamed of for so

long, and there are no grounds for believing it could last longer than such empires in the past. Its cost to us in the loss of freedom of thought and action, in the assumption of rigid disciplines, which is the price of empire, would be very great. In fact, we probably would not be able to pay it. We haven't the habits of an imperial people.

There are, of course, factors pulling us away from this Anglo-American bloc. There are Americans who for all sorts of reasons dislike the British, and refuse to cooperate with them under any conditions. Such Americans do not, however, commonly determine government policies, and they are not numerous in the business world—at least, not in its higher circles. There are Americans who love Russia, but they are relatively few and concentrated in metropolitan areas; and their actions seem on the whole unimportant. There are Americans who want a World Federation, a superstate not dominated by Anglo-American power, but genuinely worldwide and federal. They also are few, and probably at the moment unimportant. It is possible that they frighten the ordinary American by wanting to hurry him along too much, and thereby make him more receptive to isolationist hopes. There are finally Americans, millions of them, who want peace and no empire, no Anglo-American hegemony, who want the United Nations to "work," but hope it will work more or less automatically. They are, in short, isolationists with a thin veneer of internationalism. That veneer may not stand much rubbing in the day-to-day melee of international politics at the intensity of the last few months. The underlying isolationism is already, in the opinion of some observers, beginning to show through.

This large group—it is probably a numerical majority of Americans—does not want Anglo-American, or even straight American, hegemony. Right now it doesn't want even Mr. Churchill's proffered alliance. But, as the last two wars have shown, it will accept foreign war, and fight well in such a war. The danger is that we shall be gradually forced or maneuvered (and not by any one wicked man or group) into a position where we have to fight

again—for the right, of course. The tragedy lies precisely therein, that it may well be for the right, once more.

None of these forces working against the drive for Anglo-American hegemony seem sure to prevail. The lesser ones, like the Communists and the World Federationists, are likely to cancel one another. The real force is that of the great majority, peace-loving, once isolationist, and in a sense, dreadfully passive. Fear of this majority may give pause now and then to warmongering politicians. But such fear is almost as likely to stand in the way of political approval for obviously needed economic measures to restore the multilateral international trade without which there is no chance whatever of peace. The problem remains how to realize the desire of the great majority of the human race for peace. Of that desire in 1946 there can be no doubt. One might have doubted amid the martial music of August 1914. But in 1939 no bands played—not even in Germany.

Certainly the words and actions of leading groups in the United States and in Britain within the next few years should decide how far and how quickly we are to go on the road toward an Anglo-American bloc. So, too, of course, will the acts of Russian leaders. But to the extent that we and the British really are stabler, politically more mature, culturally better rounded, than the Russians, we ought to display this maturity in the form of greater patience and greater wisdom. There isn't much hope for the world if we are all equally unreasonable, equally neurotic. If the British and the Americans can cooperate within the United Nations to allay Russian fears and restrain Russian impatience, well and good; such cooperation need not necessarily lead to a bloc, to an alliance avowed or unavowed. In fact, such Anglo-American cooperation would seem to be indispensable to the working of the United Nations.

But concrete decisions which lead toward an alliance—an alliance for aggression—are often separated by but a hair's breadth from decisions which lead to effective and unaggressive collaboration. At the time, it is most difficult for the observer to tell which

way a given decision will lead. But one has the uncomfortable impression that over the last twelve months the mass of the decisions taken by our statesmen has built up toward an Anglo-American alliance, and has cut a deeper gulf between Russia and the West.

It would be nice if we could accept some such simple formula as: work with the means given by the charter of the United Nations, without regard to old-fashioned national power politics; don't even think about alliances, blocs, ententes, spheres of influence, and all the other horrible apparatus of horse-and-buggy days. We cannot accept any such formula, for it is an unreal one. In simplest terms—unduly simple, but necessarily so—the United States in the next few months will either come closer to Britain, or closer to Russia. There will in the actual process be all sorts of variations, regressions, subtleties. But there will be a main direction, a trend. If we go a great deal further from Russia we shall probably come correspondingly closer to Britain, so close as perhaps to have attained in practice the alliance Churchill wants.

The price of coming closer to Russia is almost certainly what fashionable commentators call "appeasement." The parallel with the unhappy days of Chamberlain and Daladier has already proved to be a godsend for the skilled—and even for the unskilled—propagandist. But the point is that so far this parallel can only be called a form of exhortation, propaganda, moralizing; as a valid generalization from the facts it has not been tested, and cannot in the present unhealthy state of the world be so tested.

We really have to experiment. Maybe Russian fears can be allayed without our giving up anything physically or morally ours. Maybe the Russians really think, for instance, that we are in China for the same reasons Portugal, Britain, France, Germany, Japan, and Russia have been in China these many years. If so, the only final way by which we could persuade them otherwise would be for us to plan to get out of China, or at least to remove our soldiers and our more obviously intriguing diplo-

matists. This would, of course, be an extremely difficult experiment, and one that would be resisted by many sincere American internationalists.

The road to war via an Anglo-American alliance is so clear that one need hardly speak of experimenting in that direction. Appeasement of Russia—let us not be afraid of the bad word—may be impossible, and may also be a road to war. But, despite what the new crop of warmongers is saying, it would not be the old road. That old road has always been the formation of opposing coalitions, precariously balanced. The firmer the coalitions, the nearer—usually—is war. Therein lies the grave danger of an Anglo-American alliance.

*(Harvard University)*

# FINANCING INTERNATIONAL INSTITUTIONS

BY THEODORE A. SUMBERG

ONE of the most discouraging aspects of the appearance of the atomic bomb is the inspiration it has given to a whole spate of utopian schemes for world government. These have had the unfortunate result of diverting attention from practicable opportunities for progress in international organization. Students of political science would do better if they bypassed utopianism and got down to the business of examining the many difficult problems associated with the establishment of international organizations which, though more limited in their aims and powers and emotionally less satisfying than utopias, have a future of real consequence to world political and economic development. There is at present a whole basketful of such organizations, some already in operation and some still in draft form, and a comparative and analytical study of these may be a significant enterprise.

I propose to examine the financial aspects of international institutions. This preference is not dictated by any feeling that an overwhelming importance attaches to their finances. Indeed, so far as the amount of money is concerned, little importance can be claimed for them, for the annual administrative expenditure of the international organizations I have in mind will be perhaps no more than 50 million dollars. It is true that their financial wellbeing may affect their success or failure at times, but their political condition and their legal aspects are ordinarily of more fundamental importance. The fact remains, however, that the study of their financial features lies relatively neglected in the literature in the field, the essay of C. Wilfred Jenks being the only one of major consequence,<sup>1</sup> and that such a study might

<sup>1</sup> C. Wilfred Jenks, "Some Legal Aspects of the Financing of International Institutions," in *Transactions of the Grotius Society*, vol. 28 (1942) pp. 87-132.

well uncover information of widespread political and legal interest.

Attention will be directed only to public, not private, international organizations of large membership, and only to those formed in recent years: the United Nations Relief and Rehabilitation Administration, the Food and Agriculture Organization, the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, the International Civil Aviation Organization, and the United Nations Educational, Scientific and Cultural Organization. The wide variety of these seven organizations, including as it does those in political, economic and cultural fields, and those with operating responsibilities as well as those having merely research and advisory functions, permits conclusions free from domination by any one type of institution.

It is possible to confine attention exclusively to the financing of the administrative expenses of the international agencies, since problems of operations expenditure constitute a separate subject, but the significant fact that the two Bretton Woods institutions provide for part of their administrative financing out of their income from operations will not be overlooked. Many minor financial questions, such as budgetary procedure and control, tax immunity, private gifts and bequests, mobility of funds and exchange control, auditing, custody of funds, investment of reserves, will be disregarded in favor of more important matters.

The financial experience of international institutions is too short to permit any neatly systematic treatment of the subject. But a comprehensive understanding of international budgets will have to be built up eventually by the General Assembly of UN, which, according to Article 17:3 of its charter, has the authority to examine the administrative budgets of specialized organizations and to make recommendations to them, and by the Economic and Social Council, which is given wide authority to coordinate the activities of specialized agencies and to make recommendations, not only to them, but to member governments as well

(63:2). UN is therefore in a position to exert considerable influence over international budgets, and the following survey may reveal ways for the successful exercise of this influence.

An introductory word is necessary in regard to the political and legal personality of the specialized international agencies under review. These are, of course, not sovereign governments, but voluntary associations set up by governments and from which, without exception, these governments may withdraw. This right of withdrawal is explicitly granted by each of the seven institutions, but in the case of UN (to whose membership provisions the Educational body has closely attached itself) the withdrawal right is stated not in the basic instrument but in an interpretative statement unanimously adopted by the San Francisco Conference; and in the case of the Food agency exercise of the withdrawal right is not permitted for the first four years of a country's membership, and then only after a year's notice. It is well to understand, for instance, that international institutions have no power of taxation but must be satisfied to make requests for funds from member states. There is no record of a state being taxed or of a tax claim being enforced against a state from the "outside." It is therefore better to regard the financing of international organizations not as a branch of government finance, except in so far as governments rather than individuals accede to or refuse requests for contributions, but rather as a form of voluntary association finance, like the collection of privilege-of-membership dues from an unruly membership.

It has become somewhat the fashion to refer to certain international agencies as "public international corporations." Professor Borchard, for instance, refers to the Monetary Fund, the International Bank, UNRRA, and possibly the Aviation Organization as "autonomous corporations."<sup>2</sup> This reference to

<sup>2</sup> Edwin Borchard, "Relation of Bretton Woods Agreements to Other Types of International Organization," in *Money and the Law*, January 15-16, 1945, p. 110. An interesting discussion of "the corporate capacity" of international institutions may be found in W. Friedmann, "International Public Corporations," in *Modern Law Review*, London, vol. 6, no. 4 (December 1943) pp. 185-207.

"autonomy" is correct, however, only if meant to underscore the full juridical personality of the agencies, including its full proprietary rights. The term is otherwise inapplicable to agencies in which, without exception, policy decisions are made by representatives of member governments, who are appointed by their governments, who are required to consult their governments, and, finally, whose political position depends on the security and intimacy of their relationship with their home governments. There is also a question whether the corporate device, flexible as it is, is broad enough literally to subsume international public associations. To be sure, a municipal corporation may do an international business; thus the Bank for International Settlements, though a private not a governmental agency, operated in the international field under a Swiss corporate charter. But there seems to be no avoidance of the fact that only a statute or a charter granted by a national state can create a corporation. It is true that national implementing legislation will confer corporate capacity on some agencies, but this capacity will extend only so far as operations in the respective national territory are concerned. Even if some forty or fifty member states take such action, it would seem better not to speak of "a corporation" but of an organization naturalized in each country, as it were, in order to carry on corporate-like activities, usually of unequal scope, according to separate national statutes.<sup>3</sup>

#### *Financing Through Government Contributions*

International institutions have two available sources of administrative funds: periodic contributions from member countries, and receipts gained in the course of their operations. While

<sup>3</sup> Sir John Fischer Williams referred to such organizations as "bodies which are neither states, nor individuals, nor a combination of states or individuals, but right-and-duty-bearing international creations, to which for want of a better name the title, 'International Body Corporate,' 'Personne Juridique Internationale,' may, perhaps, be accorded." See his study, "The Legal Character of the Bank for International Settlements," in *American Journal of International Law*, vol. 24 (October 1930) p. 666.

the first source is by far the more important at present, the scope of the second will undoubtedly increase in the future as the agencies become more directly engaged in remunerative economic activities. Financing through members' contributions will be treated first, and questions regarding operating income will be discussed later in the article.

In all seven organizations voting on budgetary questions has moved away from the unanimity rule of the League of Nations, a shift that must be welcomed by all supporters of the progressive development of international organization. This elimination of the unanimity rule in budgetary matters is generally a reflection of conditions that came to prevail in such matters in the League. Though unanimity in voting the budget was still required by the Assembly and by Committee Four, where the budget was prepared for submission, member countries in opposition, in accordance with a gentlemen's agreement, nearly always withheld their negative votes. But cases did occur where an adamant country used the threat of its negative vote to have a disputed aspect of a budget modified in line with its wishes. In the present-day organizations, simple majority voting suffices for all budgetary matters, except in UN, which stipulates a two-thirds vote by including "budget questions" as among the "important questions" requiring such a vote (18:2). This provision is framed so broadly that all aspects of the budget are subject to a two-thirds vote. Though UN will spend greater administrative sums than any of the other organizations, there seems to be no rationale for its exceptional status in this regard.

It is common among the organic acts to refrain from stating in advance of national signature the cost of membership, that is, the definite contributions expected of member states. Usually it is simply stated that the members shall contribute sums to be fixed by the organization. In UN's charter, for instance, the exact words are: "The expenses of the organization shall be borne by the members as apportioned by the General Assembly" (17:2). Exceptions are the Food body with respect to its first financial year

—an annex to its constitution carries fixed percentages for all eligible countries—and the two Bretton Woods institutions; for these, too, an annex stipulates definite quotas for operating contributions, which serve also as the basis for administrative contributions. Article 6:5 of the League of Nations covenant, which accepted the apportionment basis of the Universal Postal Union, but discarded it later, is another exception.

It would seem desirable, wherever possible, to include definite sums in the basic instrument. In these circumstances a member state would be more inclined to make a definite payment after its signature than it would if the contribution clauses were vague. It would first be necessary, however, to have wider acceptance of a proper basis for international administrative assessment than exists at present. There is also the difficulty that a change in a country's assessment would require resort to the usually formidable process of amending the basic instrument.

All the organic acts under review, except those for the two Bretton Woods agencies and the Food body, fail to set a definite date for payment. Most of them request merely that contributions be made "promptly." The need for promptness is, of course, especially pertinent to the first year's budget. The early days of the League of Nations, when its death stillborn for want of financial resources was widely expected, must have been in the minds of the present-day drafters who stipulated "promptness." But the expedient of the League in accepting bank overdrafts and advances from the British and French governments has not been adopted. None of the organizations under review authorizes borrowing for administrative purposes, and only the two Bretton Woods agencies authorize borrowing for any purpose whatever.

The two latter agencies require administrative contributions concurrent with the signing of the basic agreement, failure to comply resulting in ineligibility to use the organizations' resources. The Food agency lacks such an ineligibility provision, though it has the same requirement of administrative payment concurrent with signature. It is also in the advantageous position

of falling heir to funds remaining from the Interim Commission which drew up its constitution; this Commission was supported by modest contributions from a number of member governments who will be credited for their first year's payments. Great Britain and the United States met the initial expenses of UN. A Working Capital Fund has also been set up to accept contributions from all members, according to a provisional assessment formula, until a regular budget is voted at the September 1946 meeting of the General Assembly.<sup>4</sup> UNRRA was able to prevail upon some governments, constitutionally able to act rapidly in expenditure matters, to make their administrative payments soon after the organization's establishment.

It will presumably be a matter for administrative management to find a way to make the request for promptness effective. This will be true for later years as well as for the first one. The procedure of the Monetary Fund with respect to its collection of new sums when members' subscription quotas are increased may be instructive. It is provided that such increases, which are made only with the consent of the members concerned, shall be paid within thirty days of consent, at the penalty of losing access to the organization's resources. It would seem appropriate in the case of the other agencies too, wherever possible, to fix a last day of payment, after which arrears provisions would go into force. It is not easy, however, to fix one such date that will meet the needs of the states with slow-moving constitutional machinery and, at the same time, not encourage delay on the part of states equipped to act promptly.

The question of what "sanctions" to put into arrears provisions is also difficult. The uncertainty on this point in the minds of the drafters of international institutions is reflected in the diversity of arrears clauses adopted. Their concern may well be justified, for all the experience indicates that laggard payments, if not delinquency, will always be with us. For example, for the

<sup>4</sup> United Nations, Preparatory Commission, *Report* (Washington 1945) pp. 104-13.

1919-38 period not more than 93.7 percent of the total successive budgets of the League of Nations was collected.<sup>5</sup> This figure is on a cumulative basis, however, and fails to take into account the fact that the percentage of payment of sums requested in any one year was usually smaller, ranging from 53.9 percent in 1920 to 94.6 percent in 1937. From 1930 through 1938 the average annual collection was 83.9 percent of the sums requested. The League record would undoubtedly look even less attractive had its annual budget not been "held in a framework of economy which grew in rigidity as it grew in age."<sup>6</sup> In the case of UNRRA, though first-year administrative contributions were requested in December 1943, eight of the forty-four member countries were totally in default a year later, and three had paid only in part. Payments of administrative funds to UNRRA in this period amounted to only 89 percent of the total amount due.<sup>7</sup>

It is not possible to make a firm generalization about the habitually laggard payers or the delinquents. In the League these were usually Honduras, Paraguay, Peru, Bolivia, and China. In UNRRA the countries that had not made any administrative payment after a year from the date of request were Bolivia, Chile, Costa Rica, Ecuador, Paraguay, Uruguay, Iran, and Iraq, while the Soviet Union, Yugoslavia and Australia had paid only in part. So far as the League of Nations is concerned, experts of the Royal Institute of International Affairs have laid the trouble primarily to defects in the mechanics of collection, and have cited as secondary causes the indifference of member governments, the effect of bad example, the weakening of the League's position, and the feeling against real or imagined inequities in the League apportionment of its expenses among the various states.

Jenks, in his aforementioned study, points out that "sanctions" against excessively slow or delinquent members can take one of

<sup>5</sup> Royal Institute of International Affairs, *The International Secretariat of the Future* (London 1944) p. 57.

<sup>6</sup> *Ibid.*, p. 50.

<sup>7</sup> Theodore A. Sumberg, "The Financial Experience of UNRRA," in *American Journal of International Law*, vol. 39, no. 4 (October 1945) p. 704.

two forms: loss of rights, privileges, and services of membership, or loss of membership itself. With regard to the latter, there was some discussion in the League about the possible expulsion of habitual delinquents, but it was agreed that such action would be too severe and therefore impractical. This point of view apparently has been accepted by present-day international institutions, for there is no provision for the expulsion of delinquents in any of the agencies under review. Except for UNRRA and the Food body, which fail to include any penalty action for late payment or non-payment, the various organizations are satisfied to curtail certain of the rights and satisfactions of membership of the states in arrears. The loss of rights is confined to voting in all cases, though the specific nature of the provisions varies slightly. The Bretton Woods institutions are in a somewhat exceptional position in the matter of punishing delinquency, because they will not require annual contributions from member countries. In their case, if the required initial sums for both operations and administration are not forthcoming at the stipulated time, access to the resources of the institutions will be denied.

The arrears provision of the Aviation agency's draft constitution leaves room for more specific determination at a later date. Article 62 states: "The Assembly may suspend the voting power in the Assembly and in the Council of any contracting State that fails to discharge within a reasonable period its financial obligations to the Organization." The length of a "reasonable period" is not given. The UN charter, though somewhat more specific, also leaves room for discretion before a member's voting rights are withdrawn; if failure to pay is due to conditions beyond the member's control, the General Assembly of UN may permit retention of the voting power (19). "Exceptional circumstances" could cause a waiver of voting suspension in the Educational agency (3:3), according to its penultimate draft agreement. This agreement also provided that a member's vote would be "automatically suspended" if the member failed to pay for two successive years; it would seem that a part payment, even of a small

amount, would prevent the automatic operation of this suspension. The UN charter has tried to prevent such a contingency by providing that if a country's arrears equals or exceeds the contributions due from it for the preceding two full years, it will lose its vote in the General Assembly and presumably also, if it has membership there, in the Security Council.

The foregoing review of arrears clauses shows them to be in no sense "tough." They are certainly far less tough than Jenks and others examining interwar experience have recommended. Jenks himself urges an unusually strong coercive element in arrears procedure: he advocates the judicial recovery of damages by the good payers from the bad payers through attachment of the latter's gold, ships, securities, and other assets. This peculiar proposal, of course, is without merit. So long as international institutions do not have as their main purpose the collection of their administrative funds, something far short of this proposal must be accepted. Jenks's recommendation that a penalty interest be charged on sums in arrears is less unreasonable, though it seems unnecessary to risk, for the sake of the small sums involved, a deterioration in the general atmosphere of good will in which such organizations must operate.

A little more iron can perhaps be put into the existing arrears clauses, but in general it seems desirable to go along on the lenient basis universally adopted. At the same time, one need not be surprised if something short of a 100-percent collection record is reached. It happens in the best of communities. Until international organization is more firmly established, it seems best to take account of the possibility of a certain amount of financial delay and delinquency by setting up reserves to permit agencies to go forward with their work. This point will be discussed later.

#### *The Assessment Basis*

Arrears would undoubtedly be discouraged, even if not totally eliminated, if there were universal confidence in the equity with which expenses are apportioned among member states. But this

state of confidence has never prevailed in the past and appears improbable in the future. The Interim Commission of the Food organization has modestly acknowledged the difficulty of devising "a wholly satisfactory scale of apportionment of expenses,"<sup>8</sup> and the Preparatory Commission of UN claims that it is impossible to arrive at a definite formula on the basis of its governing principle of "capacity to pay."<sup>9</sup> In general, the reason for this difficulty lies in the fact that the assessment basis must represent political as well as economic factors, including some that are not measurable. Sometimes, as in the case of the Soviet Union and China, the two most basic factors—the capacity to pay and a state's political position—tend to opposite conclusions. Moreover, a universal standard of apportionment can fit only awkwardly and with many exceptions the heterogeneous types of countries included.

The assessment bases used in collecting funds from member governments, including those adopted by small prewar institutions, are quite varied. Population, considered alone or in conjunction with other factors, has been perhaps the most frequently used index. The Pan-American Union, for example, relies on it exclusively in fixing assessments. The Universal Postal Union, whose basis was widely accepted by a number of prewar organizations, including the League of Nations until 1924, groups its membership in a number of classes, each of which is given a unit value according to the total sum annually required by the organization. Since the position of a country in the range of classes is somewhat voluntary, this scheme has the advantage of allowing political prestige to operate as a force for greater contributions. But this point contributed to the plan's unsuitableness for the more expensive League of Nations. The League soon found this scheme unacceptable for other reasons as well, and replaced it with its own; in the League plan, also built on a unit

<sup>8</sup> United Nations, Interim Commission on Food and Agriculture, *Report (First) to the Governments of the United Nations*, August 1, 1944 (Washington 1944) p. 35.

<sup>9</sup> United Nations, Preparatory Commission, *Report* (cited above) p. 108.

and class system, the "normal items" of government expenditure were included with population and area to make up the apportionment basis, but special provision was made, along with individual adjustments, so that payments by India and China should not exceed those of the most populous European state. There have also been minor organizations that have used this type of scheme; thus the Hydrographic Bureau and the Bureau for Customs Tariffs have organized their contribution scales by shipping tonnage and value of foreign commerce, respectively.

As for the institutions under review, the draft constitutions of three of them—UN and the Education and Aviation agencies—have been satisfied to omit a definite allocation basis and to make the body representing their full membership responsible for its determination. The UNRRA basic agreement also omitted definite sums for administration, but its first Council meeting fixed upon an allocation for administrative expenses for 1944. Though described as temporary, this allocation was also accepted for 1945 payments, except that the Soviet Union's allocation was reduced from 15 to 10 percent of the total, to be applied retroactively. The Council has not revealed the non-discretionary factors underlying its allocation, if there were any, except to note in a general way that it was guided by previous international bodies.

The Interim Commission of the Food institution also felt it necessary to pass the responsibility for fixing an acceptable allocation basis to its Conference, or general body, except that it established "provisional arrangements" in the form of definite percentages for each eligible country for the first financial year. This Commission also found it useful to guide itself by the assessment scales of interwar international organizations, adjusted, however, on the basis of: "(a) the assumption of 54.5 percent of the allocations by the United States, the United Kingdom, the Soviet Union, and China; (b) the scaling down of the allocations, as a measure of temporary financial relief, for those countries that are occupied by the enemy, or that have, in consequence of

the war, suffered from major economic disasters; and (c) the placing of certain countries on a uniform minimum allocation."<sup>10</sup>

Whatever may be said of the logical basis of this temporary apportionment, its practical success is open to one doubt: it places a heavy burden on Latin America and the Middle East—on countries that have not had the most distinguished payment records in the League of Nations and UNRRA, whether because of endemic poverty, special constitutional difficulties, or other reasons. Moreover, although they escaped physical contact with war and enemy occupation, Latin America and the Middle East are scenes of acute inflation at present. It will therefore be interesting to observe if the logic of the Food Commission does not drive it into widespread collection difficulties. For its second financial year the Food body, probably taking less account of war damage, adopted a scale somewhat easier for these countries.

Though stressing its use merely as a temporary convenience, UN has fixed the allocation scale for contributions to its Working Capital Fund by averaging the percentages of the Food body's first and second financial years. Its Preparatory Commission has recommended that an expert Committee on Contributions be formed to establish a definite scale of its own, and it offers the suggestion that comparative estimates of national income would appear to be the fairest guide to capacity to pay, but that the following should also be taken into account: "(a) comparative income per head of population, e.g., in the case of populous states with low average income per head; (b) temporary dislocation of national economies arising out of the second world war; and (c) the ability of Members to secure foreign currency."<sup>11</sup> Judgment of the suitability of these suggestions must await the comprehensive type of study recommended. But one can notice immediately that the exclusion from assessment elements of any political factor (not neglected in the assessment bases of the Monetary Fund and the International Bank), as well as the bias

<sup>10</sup> United Nations, Interim Commission . . . , *Report . . .* (cited above) p. 36.

<sup>11</sup> United Nations, Preparatory Commission, *Report* (cited above) p. 108.

of the included items, tends toward low assessments for China and the Soviet Union, two members with special responsibilities in the organization. Obviously to prevent embarrassingly active petitioning for assessment changes, the Preparatory Commission also recommended that once a scale has been fixed it should not be subjected "to a general revision for at least three years or unless it is clear that there have been substantial changes in relative capacities to pay."

The draft conventions of the Bretton Woods agencies include definite quotas for each eligible member. Determined originally for the purpose of obtaining funds for operations, these quotas also serve to establish the extent of administrative contributions. Though the conventions lack any reference to how the quotas were made up, the United States Treasury Department has attempted to explain the quota provisions incorporated in its predecessor drafts of the two institutions. Its task has not been easy because, as it notes, quotas in the Fund and the Bank must represent the size of financial commitments by each member government, the permitted limit of the resources that may be drawn upon (in the case of the Fund), and the weight of each country's voice in the management.

Eschewing any single factor, the technical experts of the United States Treasury fixed the following quota basis in the Fund: "(a) 2 per cent of the national income of 1939; (b) 5 per cent of the holdings of gold and gold-convertible exchange as of January 1, 1944; (c) 10 per cent of average annual imports, 1934-1938, inclusive; and (d) 10 per cent of maximum variation in annual exports, 1934-1938, inclusive."<sup>12</sup> An adjustment of 10 percent in each country's quota, so computed, was permitted so as to take into account political and other special factors.

The drafters of the Bank allowed an adjustment of 20 percent in estimated national quotas for negotiation purposes. Aside from that, the size of subscriptions for each country was computed

<sup>12</sup> U. S. Treasury Department, *Questions and Answers on the International Monetary Fund*, June 10, 1944, p. 21.

"by requiring each member country to subscribe an amount equal to 4 per cent of its estimated national income in 1940 and 6 per cent of its average annual foreign trade in 1934-1938."<sup>13</sup>

There is reason to doubt the zeal with which either of the allocation bases of these financial institutions was actually adhered to. For one thing, it was not stated to what extent each of the factors was weighted. Moreover, information on national income and other essential items is lacking for the large majority of eligible members. But the most remarkable fact is that, in both institutions, despite the variety of allocation factors used, the various quotas eventually reached are very close for most members, and there seems no rational basis for the quota differences that do exist. It seems safe to believe, therefore, that a sense of reasonableness, tempered by the pressure of negotiations, was more important in finally determining relative quota sizes than devotion to mathematical formulae.

The use of national income may be the most significant aspect of the Treasury Department's method, though the reason for the choice of different years for the Fund and the Bank is not clear. Despite the fact that the concept of national income has been widely familiar, no interwar institution used it as an allocation factor. Yet on purely economic grounds it is undoubtedly the best single basis, since it is the most comprehensive index of a nation's annual volume of output of goods and services less those used in maintaining the nation's capital stock. The use of national income by international organizations has the further advantage that in recent years an increasing number of governments have come to accept its authority in establishing budgetary and other aspects of domestic economic policy.

One international agency, UNRRA, has already seen fit to adopt national income as a basis for allocating sizable operating contributions. The first Council session of UNRRA recommended that countries which did not suffer invasion and occupa-

<sup>13</sup> U. S. Treasury Department, *Questions and Answers on the Bank for Reconstruction and Development*, June 10, 1944, p. 2.

tion should contribute 1 percent of their national income for the year ending June 30, 1943. UNRRA's experience with this index, however, has revealed the need for two modifications in its further application. For one thing, statistics on national income for recent years are not available for more than a small percentage of countries, with the result that a major number of operating contributions made to UNRRA were set without any reference to national income, or at least with none that the international staff could verify.<sup>14</sup> Then, too, it is inequitable to ask the same sum from two countries of equal national income, one with a large and poor population, and the other with a small and wealthy population. UNRRA has recognized this inequity by permitting lower contributions from some countries "because of peculiar situations."<sup>15</sup>

A more precise way of qualifying the national income principle would be through the inclusion of item "(a)" of the UN Preparatory Commission's recommendation—per capita income. There would still remain room for debate concerning the appropriate weights to be given to national income and national income per capita, but these should not be too difficult to determine on technical grounds. In any case, such a composite index would reduce the area available to the selfish maneuvering of each state, and that is the main object of establishing an apportionment basis. Unfortunately, other eligible assessment factors are not so precisely amenable to mathematical statement, although this is no reason for their elimination.

Furthermore, it is now possible to fill in the gaps in the knowledge of the national income of many countries. There are two channels through which this may be accomplished. One is the Statistical Commission of the Economic and Social Council of UN; according to the recommendations of the Preparatory Commission this body will have general coordination responsibil-

<sup>14</sup> Sumberg, *op. cit.*, p. 707.

<sup>15</sup> United Nations Relief and Rehabilitation Administration, First Session of the Council, *Selected Documents*, Resolution No. 14, Section 4, p. 45.

## SOCIAL RESEARCH

PERCENTAGE ALLOCATION OF ADMINISTRATIVE EXPENSES IN SELECTED  
INTERNATIONAL AGENCIES \*

	Univ. Postal Union <sup>b</sup>	League of Na- tions <sup>c</sup>	UNRRA <sup>d</sup>	Food & Agric.	Int. Monetary	Int. Bank for Recon- Org. *	Int. Fund <sup>e</sup>	Int. Bank & Devel. <sup>f</sup>
<b>China</b>	<b>2.77%*</b>	<b>4.55%</b>	<b>5.00%</b>	<b>6.50%</b>	<b>6.25%</b>	<b>6.59%</b>		
France	2.77	7.81	4.00	5.69	5.11	4.95		
U.S.S.R.	2.77	7.81	10.00	8.00	13.64	13.19		
United Kingdom	2.77 <sup>b</sup>	10.38	15.00	15.00	14.77	14.29		
United States	2.77	....	40.00	25.00	31.25	34.89		
Total, Big Five	13.85	30.55	74.00	60.19	71.02	73.91		
Australia	2.77 <sup>i</sup>	2.67	1.50	3.33	2.27	2.20		
Belgium	1.66	1.78	1.00	1.28	2.56	2.47		
Bolivia	.33	.39	.10	.29	.11	.08		
Brazil	1.66	2.87	1.50	3.46	1.70	1.15		
Canada	2.77	3.46	3.00	5.06	3.41	3.57		
Chile	.55	.89	.20	1.15	.57	.38		
Colombia	.55	.49	.30	.71	.57	.38		
Costa Rica	.33	.10	.05	.05	.06	.02		
Cuba	.33	.59	.20	.71	.57	.38		
Czechoslovakia	1.66	2.87	1.00	1.40	1.42	1.37		
Denmark	1.11	1.18	....	.62	....	....		
Dominican Republic	.33	.10	.05	.05	.06	.02		
Ecuador	.33	.10	.05	.05	.06	.04		
Egypt	1.66 <sup>j</sup>	....	.70	1.73	.51	.44		
El Salvador	.33	.10	.05	.05	.03	.01		
Ethiopia	.33	.20	.05	.29	.07	.03		
Greece	1.66	.69	.50	.38	.45	.27		
Guatemala	.33	.10	.05	.05	.06	.02		
Haiti	.33	.10	.05	.05	.06	.02		
Honduras	.33	.10	.05	.05	.03	.01		
Iceland	.11	....	.05	.05	.01	.01		
India	2.77	5.44	4.00	4.25	4.55	4.40		
Iran	.55	.49	.10	.71	.28	.26		
Iraq	.11	.29	.10	.44	.09	.07		
Liberia	.11	.10	.05	.05	.0057	.0055		
Luxembourg	.33	.10	.05	.05	.11	.11		
Mexico	2.21	1.28	.70	1.87	1.02	.71		
Netherlands	1.66	2.27	1.50	1.38	3.12	3.02		
New Zealand	2.77 <sup>k</sup>	.99	.30	1.15	.57	.55		
Nicaragua	.33	.10	.05	.05	.02	.0088		

	<i>Univ. Postal Union<sup>b</sup></i>	<i>League of Na- tions<sup>c</sup></i>	<i>UNRRA<sup>d</sup></i>	<i>Food &amp; Agric. Org.<sup>e</sup></i>	<i>Int. Monetary Fund<sup>f</sup></i>	<i>Int. Bank for Recon. &amp; Devel.<sup>g</sup></i>
Norway	1.11%	.89%	.30%	.62%	.57%	.55%
Panama	.33	.10	.05	.05	.0057	.0022
Paraguay	.33	.10	.05	.05	.02	.0088
Peru	.55	.89	.25	.71	.28	.19
Philippines	.11	....	.05	.25	.17	.16
Poland	1.66	3.16	1.00	1.19	1.42	1.37
Union of South Africa	2.77	1.48	1.00	2.31	1.14	1.10
Uruguay	.33	.49	.20	.58	.17	.12
Venezuela	.33	.49	.10	.58	.17	.12
Yugoslavia	1.66	1.78	.70	.71	.68	.44
Others <sup>1</sup>	46.26	33.19	....	....	....	....
Unallocated <sup>m</sup>	....	....	5.00	....	....	....
Provis. for new members	....	....	....	2.00	....	....
Total, other countries	86.15	69.45	26.00	39.81	28.98	26.09
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

<sup>a</sup> Based on official documents unless otherwise indicated.

<sup>b</sup> For 1931. See Laurence F. Schmeckebier, *International Organizations in which the United States Participates* (Washington 1935) pp. 37-39.

<sup>c</sup> For 1935, including the International Labour Organization and the Permanent Court of International Justice. See Denys P. Myers, *Handbook of the League of Nations* (Boston and New York 1935) pp. 78-79.

<sup>d</sup> The percentages for 1945 were the same as those for 1944 (and the unelapsing part of 1943).

<sup>e</sup> For the first financial year. UN's provisional scale is very similar.

<sup>f</sup> An amount equal to 1/100 percent of a member's full subscription is payable at the time of signing the basic instrument.

<sup>g</sup> Including Mongolia, Sinkiang, and Tibet.

<sup>h</sup> Including colonial and mandated areas.

<sup>i</sup> Including Papua and mandated New Guinea.

<sup>j</sup> Including Anglo-Egyptian Sudan.

<sup>k</sup> Including Cook and other Pacific islands.

<sup>l</sup> Both colonial and sovereign countries, notably those having enemy or neutral status during World War II.

<sup>m</sup> The Soviet Union's original UNRRA quota of 15 percent was reduced to 10 percent (made retroactive) by the Council meeting at Montreal, leaving the difference unallocated.

ties over national statistics. The other is the Monetary Fund, which, through Article VIII:8:a:viii of its organic act, may specifically request national income information from member governments. If the General Assembly of UN, acting in accordance with its responsibility to recommend improvements in the administrative budgets of specialized agencies, sees fit to further the use of national income as an allocation index, it may urge member governments to meet this request to the best of their ability, and to assure uniform computation it may perhaps offer them technical assistance through the Statistical Commission. National income economists have expressed the view that a full set of national income figures, estimated on an essentially common basis, is a reasonable possibility in the near future. UN and the Monetary Fund together can accelerate this development.

As the foregoing discussion shows, the question of a suitable assessment basis is still unsettled at present. To show the relative positions of individual countries in international budgets according to the different allocation bases used, I have prepared the above table, covering all the countries, including the Big Five, in each of the prewar and postwar international institutions on which information is available.

The highest positions are occupied by substantially the same countries in the prewar and postwar organizations, and so too are the lowest positions. In the Universal Postal Union the biggest contributors (all on the same level) are the Big Five, the British Dominions, and India. The United Kingdom stands foremost in the League of Nations, and the United States in the other four agencies. Perhaps reflective of new political conditions, there has been a change in the relative position of France and China in the prewar and postwar institutions. Except in the Universal Postal Union, where their status is the same, the United Kingdom has always been higher in the apportionment scale than the Soviet Union.

The table also shows how large a portion of administrative financing has been allotted the Big Five in the more recent organ-

izations—a larger portion than in the earlier agencies. The Bretton Woods organizations have given the Big Five a greater percentage allocation than has the Food institution, a reasonable distinction in the light of the proportionately heavier predominance of the Big Five in international trade and investment than in agriculture. The position of the Soviet Union in the Bretton Woods and the Food agencies seems somewhat anomalous, however, since one would expect Russia's agricultural character to give her a higher place in the Food body than her foreign trade and investment character would accord her in the Bretton Woods institutions. From this comparison it would appear that Russia's contribution to the Food agency has been underestimated. This fact, if true, may be due to the heavy weight that the Food institution has accorded the factor of war and occupation damage (apart from its failure to acknowledge political strength). It would be reasonable, however, to expect this qualification to have exerted an even greater influence in UNRRA, where the Soviet Union's allotment is 10 percent as compared with 8 percent in the Food institution.

#### *Financing Through Income from Operations*

Thus far we have considered only the funds contributed to international institutions. Their earned funds remain to be discussed. The more an organization is able to draw upon its own earnings, the less exposed its work will be to the uncertainties of financial support by national states. It is also possible that financial independence, once achieved, will feed upon itself and give international institutions a flexibility of policy, short of freedom to act as "independent sovereignties," sorely lacking to them in the past. Though such a development cannot be foreseen until the sharp edges of national independence are far more blunted than they are today, two of the international bodies under review—the Monetary Fund and the International Bank—have already been granted considerable scope for earning operating income. Study of their sources of operating income may reveal something in

general about how international bodies can function as income earners.

As noted before, the initial administrative sums of the Fund will be derived from government contributions. The Fund agreement provides that at the time a country signs the instrument it will pay over in gold and dollars for administrative purposes 1/100 percent of its total subscription (xx:2:d). The aggregate subscription of the thirty-five countries that joined before January 1, 1946, is 7,324 million dollars, and therefore the starting administrative sum is \$732,400. Obviously this amount will not go very far, and, since there is no provision for recurrent contributions of this type, the Fund management will have to rely upon its sources of operating income. These are three in number. First, "Any member buying the currency of another member from the Fund in exchange for its own currency shall pay a service charge uniform for all members of three-fourths per cent . . . The Fund in its discretion may increase this service charge to not more than one per cent or reduce it to not less than one-half per cent" (v:8:a). Second, "The Fund may levy a reasonable handling charge on any member buying gold from the Fund or selling gold to the Fund" (v:8:b). Third, the Fund is to place a special charge on any country whose currency held by the Fund is in excess of its quota, a charge rising from 1/2 percent to 5 percent, depending upon the period of time such excess currency is held (v:8:c).<sup>16</sup>

The authors of the Fund agreement were presumably satisfied that these three income sources, in addition to the initial modest sums, would meet all prospective administrative expenses. As a matter of fact, the care taken in providing for the distribution of net income would indicate an expectation of earned funds in excess of administrative costs. It is not easy, unfortunately, to estimate the prospective yield of the three income sources. The unknown factor in each case is the extent to which member

<sup>16</sup> To put a brake on members' access to the Fund, even higher penalty rates may be fixed (v:8:d).

countries will turn to the Fund for outside financial resources instead of to alternative sources, such as their own monetary reserves and borrowing abroad.

A few simplified hypothetical figures may be significant nonetheless. With a service charge of  $\frac{3}{4}$  percent, every time member countries use 1 billion dollars of the Fund's resources, the Fund will earn 7.5 million dollars. A gross turnover equivalent to 1 billion dollars during a year is not an unreasonable assumption, though such a sum cannot be expected every year since currency purchases from the Fund would converge mainly on United States and Canadian dollars, which are limited in amount. But until this limit is reached—some 3,800 million dollars if the gold and dollar subscription payments of the United States, Canada, and other countries are included, and assuming no purchase of other currencies—the Fund will have earned 28.5 million dollars from the  $\frac{3}{4}$  percent service charge alone. Obviously, the greater the purchases of other currencies—and indeed, the greater the gross volume of the Fund's business—the greater will this source of income be.

The Fund's income from its special charge, as distinct from its service charge, may be even greater. This charge becomes effective only when the Fund holds the currency of a country in excess of its quota. Subscription payments will give the Fund possession of a member's currency in the amount of 75 percent of the member's quota. If the member uses its maximum annual drawing right of 25 percent of its total quota in the first year, it will subject itself by further drawing to the application of this charge; accordingly, unless the annual limit of a 25 percent drawing right is waived, the charge will not become effective until after the first year. The yield of this special charge will then depend on the size of the excess drawings and on the length of time they are held. On the above assumption of a use of the Fund's maximum supply of gold and United States and Canadian dollars equivalent to 3,800 million dollars, and assuming an average holding of no more than two years, the Fund's income will

amount to 18.6 million dollars in this first year and 32.2 million dollars in this second year.<sup>17</sup> These sums are in addition to the service charge income estimated above.

The extent of the yield of the Fund's third source of operating income, its gold handling charge, depends on the size of this charge and on the volume of gold transactions. Nothing definite is known on either count. The United States Treasury charges  $\frac{1}{4}$  percent on its purchases of gold from foreign countries and the same percent on its sales of gold to foreign countries. If the Fund does likewise, and if transactions in each direction are 0.5 billion dollars, the Fund's income will be 2.5 million dollars. Part of this income, however, will go to meet the operating costs of such transactions. It seems safe to doubt, therefore, that any sizable income will accrue to the Fund from this source.

The only further point of note in this connection is that it is possible for the Fund's contributed sums to run out before its operating revenue accumulates in sizable amounts. This would occur if its management assumed heavy expense commitments while currency purchases from the Fund were getting a slow start. The draft agreement makes no provision for this contingency. In such a case, the Fund authorities would undoubtedly consider slicing away another \$732,400 from subscribed resources. Though this procedure is not included among the authorized uses of subscribed money, and runs counter to a general limitation on the Fund's operations, there is no specific provision against such action. The Fund management could argue for such a procedure as a matter of intra-agency borrowing, since once the service charge income, which is largely payable in gold, begins to accumulate, it would be used to make the loan good. In any case, unless an amendment in the agreement should prove to be a prerequisite

<sup>17</sup> These hypothetical sums are derived in the following way. Excess drawings are equal to 2,731 million dollars, on the basis of total permitted drawings of 1,069 million dollars for the first year of the Fund's operation out of the assumed maximum drawings of 3,800 million dollars. This excess sum is then "taxed" for the two subsequent years, 1,069 million dollars of it at  $\frac{1}{8}$  percent and 1,662 million at  $\frac{1}{8}$  percent for the first year, and 1,069 million at  $\frac{1}{8}$  percent and 1,662 million at  $\frac{1}{8}$  percent for the second year. This gives 18.6 and 32.2 million dollars.

for such action, there would be no need for the Fund to wait upon the individual action of thirty-five member states.

The International Bank also requires an initial administrative sum of 1/100 percent of total subscriptions. With a membership of thirty-four countries on January 1, 1946, this will amount to \$760,000. The Bank will then also be in a position to rely on operating income, sources of which are even more varied than for the Fund. The Bank's income sources are five in number: first, interest payments on direct loans made from the Bank's own resources (iv:1:a:i and iv:4:a); second, a commission on loans made from funds borrowed in the money markets, amounting to from 1 to 1½ percent on the outstanding portion of the loans, except where a wider range is permitted in certain circumstances (iv:1:a:ii and iv:4:a); third, a commission on loans guaranteed by the Bank, at the same rates (iv:1:a:iii and iv:5:a); fourth, profits from market purchases and sales of securities it has issued or guaranteed (iv:8:i); and fifth, the investment yield of its special reserve fund (iv:8:iv). Income only from the first source, however, will be available for meeting administrative expenses. Revenue from the other income sources is allotted for meeting defaults and other obligations of the Bank.

The Bank may make direct loans out of only 20 percent of the aggregate subscriptions of its members. These subscriptions amount to 7,600 million dollars, of which 1,520 million will therefore be available for direct lending. Of this amount, 782 million dollars will be in the form of gold and United States and Canadian dollars (disregarding the initial administrative payment).<sup>18</sup> This

<sup>18</sup> Derived by taking 20 percent of the subscribed quotas of the United States and Canada, amounting to 635 million dollars and 65 million Canadian dollars, respectively, and 2 percent—the gold and dollar portion—of the subscribed quotas of the other thirty-two countries, or 82 million dollars, for a total of 782 million dollars. The actual figure would be a bit less, for I have disregarded the discount of the Canadian dollar against the United States dollar, as I did also in the simplified hypothetical estimates of the Fund's income. It is likely, however, that the Bank's direct loans will be made in currencies other than United States and Canadian dollars, in which case its income available for administrative expenditure will be larger.

sum will be an effective top limit to the Bank's direct lending facilities, since in actual practice few member currencies, other than the dollar, will be sought for borrowing purposes. If the Bank charges an average of 4 percent interest on this sum, and if all of it is constantly lent out, the annual income on this score will be 31.3 million dollars.

This sum will certainly tide the Bank over any foreseeable level of administrative costs, but it will not become available until interest payments fall due, which may not be until some years after the Bank opens its door for business. In other words, the Bank too may be pinched for funds after its initially-contributed administrative sum runs out. Its management will then be forced to consider taking another slice out of its total subscribed funds, or perhaps borrowing from its special reserve, which will be made up largely of commission revenues. As in the Fund, so long as amendment of the organic act is found unnecessary, the Bank authorities will be able to avoid going hat-in-hand to solicit separate national governments for additional administrative funds.

The independent financing of international agencies has warm advocates. "Would it, for instance, be practicable," asks Jenks, for one, "to single out distinctive sources of revenue which could be made independent of national control and assigned to world bodies for the financing of their work?"<sup>19</sup> He points, as examples of such revenue, to certain fees, levied for instance on the registration of trademarks and industrial designs, and to services of all sorts, especially in the banking and communications fields. He would also like to see the development of "international taxable assets," particularly international economic agencies themselves, as well as international means of transport and communication. Another suggestion along this line is the recent recommendation of Governor Stassen that a small tax be placed on international travel to finance a United Nations Air Force. The General Assembly of UN may well be advised to undertake a comprehensive study of the wide political and economic implications of

<sup>19</sup> Jenks, *op. cit.*, p. 92.

financing international institutions other than by governmental contributions. Even though the political limits to such financing may be narrower than they appear to Jenks, it is not inconceivable that more can be done along these lines, with the Bretton Woods institutions as examples, than has been accomplished in the past.

Economists could locate the most suitable international revenue sources among the items conventionally included in a nation's balance of payments: merchandise trade, the sale of services (shipping, tourist, and others), investment returns, and immigrant remittances. These are the business activities across national boundaries that give rise to foreign exchange earnings into which international agencies may be able to dip to meet their expenses. Such action would raise a host of problems, however, particularly the following two: somewhat anomalously, the revenue activities of international organizations would discourage international economic contacts between countries; and there would be a fiscal crisis in the economically undeveloped countries that obtain much of their government revenue from national taxation of such business activities (customs duties, for instance). Apart from political and legal questions, these considerations would obviously have to be taken into account in any comprehensive study.

#### *Position of the United Nations*

UN will enjoy a particularly advantageous position in regard to the whole question of the financing of international institutions. For one thing, its General Assembly is given the responsibility of examining the administrative budgets of specialized agencies with a view to making recommendations to them (17:3), a provision that will bring UN into intimate connection with international administrative budgets. The Preparatory Commission has recommended that an expert committee be formed to carry out this charge. In addition, the Economic and Social Council of UN is authorized to coordinate the activities of the specialized agencies, and to make recommendations concerning them to the General Assembly as well as to the member governments them-

selves (63:2). Although there is no specific provision to that effect, this clause presumably covers the making of recommendations to improve member states' financial relations with specialized agencies. It would therefore appear that UN, through its various organs, will be able to work through both the specialized agencies and the member governments to improve the financial foundation of international organizations. Some brief suggestions of what UN may do along these lines may be offered now in conclusion. What it can do by making the basis for apportionment as objective as possible through a combined index of national income and income per capita has already been discussed.

One possible line of development for UN is to act as a central pool for the unified collection of contributed funds and for their allocation to the various specialized agencies. The draft agreement of the Education body envisions this possibility with respect to obtaining its financial resources from UN's General Assembly. One central pool would be not without advantage, as it could make for a single request for funds, ease of adjustment by member governments, avoidance of duplication in expenditure, greater "sanction" strength in delinquency cases through the loss of rights in all, not only one, international organization, and other benefits. It is very questionable, however, whether such a development is in foreseeable prospect, first, because of the anticipated reluctance of many governments to grant such power to any one international body, and, second, because of the anticipated resistance by individual specialized agencies themselves to such a move. It is also a question whether such a monistic approach would not discourage the experimentation in financial matters desirable in these primitive days of international organization. In any case it seems safe to believe that for some time to come the powers of UN over specialized agencies will be limited to examination and coordination, and that any improvements to be made in financing international institutions will have to be made through the long and cumbrous process of accommodation to the recommendations of the coordinating authority.

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Jenks has stated that "an obligation to pay money lacks one of its essential constituents if the date for payment is not fixed."<sup>20</sup> For UN to find ways to speed up the contribution process would certainly be a service. Perhaps something more can be done to add "teeth" to present-day arrears provisions, but success along this route is uncertain. It should occasion no surprise if national states, wilfully or not, act with the same disconcerting slowness in the future as in the past. But international authorities need not despair if they have built up reserve funds to support an agency's operations while member governments leisurely make their contributions. Such a reserve may be established by providing for a two-year payment at the outset, or during an early year, with regular payments requested every year thereafter, so that the agency can always try to keep financially one year ahead of itself. If it should not entirely succeed, as it probably would not, the agency would still have enough funds to finance the year's work. Such a reserve would also serve as a buffer in case a world depression or an outbreak of political discord should take a heavy toll in delay. A further point in its favor, and one that should especially impress former officials of the League of Nations, is the possibility it offers for planning expenditures for longer than one year, in contrast to living precariously from hand to mouth. UN might well consider the practicable means of setting up reserves within the various existing specialized agencies and of providing for them in future institutions. Its own financial provisions have wisely included a Working Capital Fund with reserve features.

Related to the question of reserves is Jenks's suggestion that as much as possible of an agency's work, and specifically its technical, noncontroversial work, should be placed on an endowment basis so that, imposing no burden on annual budgets, it may go forward year after year on a long-term basis. Financing such work through the yield of a capital fund, or through its slow, managed depletion, would indeed provide a welcome opportunity for sustained plan-

<sup>20</sup> *Ibid.*, p. 104.

ning in circumstances of adequate and assured financial resources, the lack of which League officials have often noted. It may even be possible for special work of universal attractiveness to be carried on through endowment funds built up from special donations of member governments. It would be necessary, of course, to protect both reserve and endowment funds through definite provisions against easy seizure and liquidation by the membership.

UN may also help to strengthen the finances of specialized agencies by developing public opinion as a force against slowness or failure to pay. One means of doing this would be to have the agencies report conspicuously on their members in arrears. The General Secretary of the League submitted an annual report to the Assembly on such members, but no particular effort was made to publicize the report. The UN body cannot be assured that the specialized agency itself will take such action, because, unprompted, the agency may shy away from that kind of publicity for fear of wounding "sensibilities" and damaging chances for later payments. If, however, the international bodies accept a recommendation of conspicuous publicity from UN, they can evade any blame that might attach to independent action on their part. It would also seem desirable that the General Assembly of UN make representations at its annual meetings to members in arrears to any specialized body.

Anglo-Saxon thought needs no special urging with regard to the virtues of public opinion. It is more likely to overlook the limits of its effectiveness, not least of all in the international sphere. Not only is world public opinion divided and badly fragmented on national lines, but it has shown little concern in the past for the fate of international organization. Moreover, even if it were united and sensitive in this respect, its vigorous mobilization against a nation might antagonize that nation to the point of impeding, rather than hastening, its contribution. But the danger thus far has been on the other side, that of keeping the weapon of public opinion idle.

UN would be unfair in promoting energetic publicity if it did

not aid member governments to overcome the economic and political difficulties that stand in the way of full and prompt payment. Thus as a further means of improving the financial basis of international institutional life, UN can suggest ways by which governments can more effectively adjust their political and appropriation machinery to participation in international institutions. It would not do if the international organization that is the most inclusive of all such bodies were unappreciative of the requirements of adjustment that it has placed on member states, many of which had little active international intercourse before. For this reason UN cannot extend its disciplinary hand of publicity without first offering its other hand of assistance to national governments through constructive recommendations. In many cases this will require study of the special adjustment problems of individual countries.

It may be noted that UN's opportunities in this connection are of a somewhat lower order than in the field of recommendations to the specialized agencies. For one thing, international institutions, though they may soon acquire the jurisdictional isolationism characteristic of national bureaucracy, are not invested with the impudent attributes of sovereignty displayed by national governments, and therefore it will be easier to deal with them. Furthermore, recommendations to national governments are to be signed by the Economic and Social Council, an organ of less prestige than the General Assembly, which signs recommendations to the international agencies. Logically speaking, this arrangement is unfortunate, for most of the defects in financing international bodies in the past, as will undoubtedly be true in the future, have been due to the member states, rather than to the international institutions themselves. But this situation has to be accepted.

Perhaps the most fundamental adjustment to be hoped for from member governments, and the most difficult to bring about, is a change of attitude toward international organization. Individual governments must come to regard the payment of their contributions, not to speak of the fulfilment of more important commit-

ments, as a solemn moral obligation toward the establishment and development of a common international society. In the absence of this adjustment, little progress can be expected.

All the organic acts of the seven recently created international bodies under review are careful to avoid any specific reference to a legal, or sanctionable, obligation in regard to contributions. This runs counter to the forceful recommendations of Jenks, among others, who writes at one point: "Contributions to international budgets are due in fulfillment of a legal obligation towards the public treasury of mankind and should be entitled to a corresponding priority rating."<sup>21</sup> It is doubtful, however, if it is wise to impute such strength to the legal obligation of making contributions, for obviously there are no legal ways of forcing execution of the obligation. It seems clear, as Friedmann has put it, that "International Law does not yet know any legal process for recovery of contributions from a debtor State, or any other legal sanction."<sup>22</sup> This statement would certainly include contributions of a state to an international association as well as to another state.

The present-day constitution builders have been careful to place their creations within the legal and political structure of the world, however short this structure is of desirable levels. Only in political conditions of national and popular cooperation far more advanced than exist today, will international institutions have the legal powers that Jenks and others recommend. After all, Jenks's reference to "the public treasury of mankind" is simply a poetic exaggeration. It is necessary to organize the financial relations of international organization as best as one can on a more modest basis. But this does not mean losing sight of the wide area of progress yet to be traversed.

<sup>21</sup> *Ibid.*, p. 120.

<sup>22</sup> W. Friedmann, *op. cit.*, p. 188.

# THE SIGNIFICANCE OF FOREIGN TRADE FOR DOMESTIC EMPLOYMENT\*

BY HANS NEISSEN

## I

UP to about ten years ago the advantages of foreign trade were believed to derive, in accordance with classical economic doctrine, exclusively from its promotion of the international division of labor. The classical economists, in contrast to their mercantilistic predecessors, denied that there was any magic quality in foreign trade by virtue of which a country would reap higher benefits from a given volume of international trade than from an equal amount of domestic trade. According to mercantilistic notions it was the function of foreign trade to procure more and more gold and silver for the countries that did not produce these precious metals, but the classical economists focused attention on the increased efficiency of productive resources which international trade would bring about by concentrating a country's resources in the fields where their productivity was greatest. In other words, the mercantilistic doctrine held that benefits were derived only from an excess of commodity exports over imports, but the classical writers regarded the absolute figures of foreign trade, either exports or imports, as indicative of the progress of the international division of labor and of the ensuing increase in the efficiency of production.

It was on these considerations that the free-trade doctrine of the classical school was founded. And more rigorous theoretical investigation has confirmed the basic proposition that free trade

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maximizes economic welfare all around. It is true, there are some qualifications regarding the effect of a free-trade policy on the economic welfare of an individual country. Thus a country which happens to be in a monopolistic or semi-monopolistic position in the world market, either as seller or as buyer, might increase its own economic welfare, though at the cost of its neighbors, by imposing tariff duties or similar prohibitive measures. Similarly, one country might impose deflation on another country by accumulating gold instead of using the proceeds of its commodity exports to import commodities—a possibility which the monetary doctrine of the classical economists led them to disregard. Finally, sudden changes in a country's trade policy (as in its monetary or wage policy) might, at least theoretically, cause considerable economic destruction in other free-trade countries. Actually, however, these qualifications have not shattered the belief of the overwhelming majority of economists in the advantages of a free-trade policy.

Only recently, as a consequence of the revolution in monetary and employment theory caused by Keynes, a new element has been injected into the discussion, which has become known as the theory of the "foreign-trade multiplier." Formulated in an analogy to the famous investment multiplier, the foreign-trade multiplier theory contends that changes in the volume of foreign trade generate magnified changes in national income and employment. Thus while traditional theory stressed the function of foreign trade in increasing the average productivity of the resources employed, the new approach claims for foreign trade an ability to bring about an increase in the volume of employment.

If we look only at the export side of foreign trade, no contradiction seems to exist between the classical and the modern approaches. They merely refer to different facets of the problem, and the plea for more and more exports can be made on either basis. But foreign trade is not only exports. From the classical viewpoint, imports contribute as much as exports to the inter-

national division of labor, and are not a negative item when the advantages of foreign trade are under consideration. The multiplier approach, on the other hand, considers the relation of foreign trade to income and employment, and in multiplier analysis imports are regarded as a negative item. Foreign-trade multiplier theorists agree that it is only the changes in the excess of exports over imports, not the absolute size of the exports themselves, that enter the multiplicand of the formula and contribute, suitably magnified according to the multiplier, to domestic employment.

Thus it is misleading to consider exports alone when the employment contribution of foreign trade is under discussion. This applies to such statements as the following, which are not infrequently encountered: "It is estimated that if the United States' exports should reach a level of 10 billion dollars a year, such sales would provide the equivalent of about 5 million jobs."<sup>1</sup> There is, indeed, an important element of truth in this statement: an increase in exports will raise domestic income and employment by at least the number of workers added in the export industries. This stands to reason, and follows, as we shall see, from the formula. But this is by no means the same as saying that the contribution of foreign trade to employment can be measured by the number of workers that have been added in the export industries.

To clarify the implications of the multiplier approach, more is needed than a bald statement of its underlying principles. In attempting this analysis, however, I do not wish to enter into a detailed discussion of theoretical complications or to develop a complete short-run system of price determination and employment in a world economy. It is my intention to present applied theory, focused always on the question of the significance which

<sup>1</sup> Amos E. Taylor, *The "Ten Per Cent" Fallacy*, Committee on International Economic Policy (New York 1945) p. 10. Incidentally, the estimate of 5 million jobs as a direct contribution to employment seems rather high, for gross output per worker exceeds \$2,000 a year.

the modern approach attaches to foreign trade in relation to the employment problem.

Such an analysis will also indicate certain modifications that the classical free-trade doctrine may have to undergo as a consequence of the multiplier approach, and suggest answers to what appears to be a fundamental incompatibility between the two. Since the multiplier theory contends that domestic employment is proportionate to the surplus in the balance of trade, it seems plausible to infer that we should do all we can to increase the surplus, in other words, restrict imports and promote exports by all possible means, thus abrogating the very meaning of free trade. There is a relatively simple answer to this dilemma, but it must await a presentation of some of the concepts that are involved.

## II

The rationale of the foreign-trade multiplier approach can be simply stated as follows: domestic sales of domestic produce absorb domestic purchasing power, as created by the activities of production itself through the payments to the factors of production; foreign sales through exports obviously do not do so, and therefore they create at home a kind of surplus demand for goods which stimulates production and employment and generates additional income. This magnifying or multiplying effect of the exports on income and employment can be explained along the same lines as the multiplier effect of investment: the surplus purchasing power generated by the exports is spent not only by the newly employed workers in the export industries (primary employment), but again by the factors of production that satisfy the demand of these new workers, and so on, until the surplus is absorbed by the savings of the newly employed. The same line of argument applied to imports gives opposite results: imports will absorb domestic purchasing power created by domestic production activities, and will thus exercise a negative multiplying effect on domestic income and employment.

In the Keynesian form the foreign-trade multiplier formula reads thus:<sup>2</sup>

$$\text{income} = (\text{investment plus exports minus imports}) \text{ times } \frac{1}{\text{propensity to save}}$$

It differs from the Keynesian investment multiplier formula for a closed economy only in the multiplicand, where the export surplus is added to home investment. Strictly speaking, it is not the magnitudes themselves but their changes that are related. The term propensity to save refers to that fraction of an increment in aggregate income which is not used for acquiring consumer goods.

In analyzing the relationship between exports and imports it is desirable to distinguish three types of imports: first, "required imports," or raw materials imported for use in the production of commodities for export; second, "induced imports," or consumables imported because of the desire for foreign goods on the part of the "new" income receivers, those who receive more income as a consequence of the increase in exports; third, "autonomous imports," or imports arising from the desire for foreign goods on the part of the other income receivers or from the needs of home investment for foreign materials and equipment goods.<sup>3</sup> It is these autonomous imports which, in principle, bring about the long-run equilibrium of the balance of trade. They do not require further comment. Some remarks are needed, however, concerning the two other import categories.

As to the required imports, they will necessarily fall short of the

<sup>2</sup> The various formulas of the foreign-trade multiplier are theoretically equivalent; see G. Haberler, *Prosperity and Depression*, 3rd ed. (New York 1941) pp. 463 ff.

<sup>3</sup> On the basis of this terminology the increase of international trade in connection with an all-around increase in income and employment can be explained as follows. A rise in income in a large industrial sector of the world economy, generated by increasing investment, will lead to an increase in autonomous imports into the sector concerned. These exports from regions outside of the sector bring about an increased volume of required and induced imports into the outside regions, which is effected, at least in part, by increased exports from the original sector where the upswing started. The process continues toward a high all-around level of income and employment and also of imports and exports.

value of the ensuing exports (unless a very sharp price drop occurs during the period of processing). The extent to which exports exceed required imports measures the primary contribution of foreign trade to income and employment—its effect on employment in the export industries themselves. The induced imports will always be smaller than the exports (minus required imports) which induced them, except in the one very unrealistic case in which the "new" income receivers devote the increase in their income, created by the exports, exclusively to imported consumption goods, and use none of it for domestic goods or for savings.<sup>4</sup> But no matter how great their value, the induced imports can do no more than cancel the potential multiplying effects of an increase in exports.<sup>5</sup> They can never eliminate the primary contribution of the exports (minus required imports) to employment in the export industries themselves, and it is only in the merely theoretical situation mentioned above that they can be great enough to prevent the increase in exports from having multiplying effects outside the export industries.

These considerations not only explain why the absolute size of exports is an unsatisfactory measure of the contribution of foreign trade to domestic income and employment. They also show that this contribution is virtually always greater than exports minus required imports (the primary effect on the export industries themselves), because the total contribution of foreign trade includes the secondary effects produced by the spending of the

<sup>4</sup> If in a closed economy the marginal propensity to save is zero, the economy is unstable; stability would be introduced by foreign-trade relations—unless, of course, the rest of the world had the same saving habits.

<sup>5</sup> This is evident from Harrod's multiplier formula (see Haberler, *op. cit.*); all quantities (designated by capitals) refer to changes in the magnitudes. Here

$$Y = (V - M_v + X - M_x) \frac{1}{1 - (c - cq)}$$

Y denotes income, V home investment,  $M_v$  the imports of investment goods, X exports,  $M_x$  the required imports, c the propensity to consume, and q the proportion of consumption spent on imported consumption goods. In the extreme situation envisaged above,  $M_v$  (the change in imports of investment goods) is zero, and q has its maximum value, unity, yielding  $Y = V + X - M_x$ ; thus under these conditions the multiplier drops out.

new income receivers. The greater the induced (and autonomous) imports the smaller will be the secondary effects; in other words, the multiplier applies to the change in the surplus of exports over all imports.

### III

In accordance with our aim, which is less theoretical than practical, our analysis thus far has merely assumed a change in the export surplus, and has not considered the mechanism through which such changes occur, in particular, the means of payment. There are, of course, only three possibilities of obtaining an export surplus: the exporting country itself has to make interest payments to foreign creditors (or other unilateral payments that reduce income); or it exports capital to the foreign countries, which use the proceeds for payment; or it imports gold from foreign countries. From the above analysis it is obvious that in the first of the three possibilities (interest payments abroad) the export surplus would have no effect on domestic income and employment, and the foreign-trade multiplier formula, as expressed above, would not hold. Exports that serve to pay interest do not create at home a kind of surplus demand, for the purchasing power that would constitute that demand is transferred abroad; and, in the importing country, imports that transfer interest from foreign debtors bring with them, "tied to their necks," an equal amount of purchasing power, thus failing to absorb domestic purchasing power generated by domestic production.<sup>6</sup>

<sup>6</sup> In order to determine domestic income it is necessary, in the multiplier formula as given above, to replace the export surplus by the surplus of the balance of payments on current or income account. As we shall see presently, however, certain difficulties arise in utilizing the foreign-trade multiplier as an employment multiplier (as distinguished from an income multiplier). Employment stands in a certain relation to income produced in the country, not to the income enjoyed in or available to the country. In the situation just described, domestic income would not increase—the export surplus being offset by unilateral payments on income account—but domestic employment would do so (for a given volume of home investment), the additional workers working for the benefit of the recipient of the unilateral payments.

Thus in order to contribute to domestic income, the export surplus must be the counterpart to either capital exports or gold imports, in the balance of payments. Neither capital exports nor gold imports affect the size of national income and consumption; both reduce to their full extent the income margin left for home investment, and thereby make easier the task of home investment in maintaining income and employment. Indeed, capital exports function like investment in the original investment multiplier formula: they "offset savings." The export of capital is not necessarily investment in the technical sense (an increase in inventories, buildings or equipment)—it could lead to an export flow of commodities currently consumed abroad—but it may be termed, in D. H. Robertson's phrase, "honorary investment."

This association of the export surplus in the multiplier formula with capital exports or gold imports justifies to some extent the neglect, in the present discussion, of the price effect of increasing exports. It might appear that any attempt to increase exports from a given country would lower world market prices, and that therefore the value of exports would not increase to the same extent as their quantity. This would not occur if the country's exports were relatively small in comparison with the world market turnover. And even if a large country were involved, the export of capital (and likewise the mobilization of gold) would strengthen the purchasing power of the world market, with the result that a larger quantity could be taken without a fall in prices. It is not to be denied, of course, that this additional purchasing power would not necessarily benefit the country that undertook the capital export; and a fall in the foreign-exchange rate of the borrowing country would accentuate the difficulties of the capital-exporting country. For present purposes, however, we can be satisfied to conclude that in this case the capital export would have to stop, and that no increase could occur in the export surplus of commodities, or any of those consequences that the multiplier formula indicates. The theory of the foreign-trade

multiplier itself would not be invalidated, because, as was pointed out before, it is based on an existing export surplus.

More important is the consideration that the foreign-trade multiplier formula suggests that an import surplus reduces income and employment. Thus it appears that what the country with a rising export surplus gains in employment, other countries, developing the corresponding import surplus, would lose in employment. It is true that if the export surplus in country A is created not by spontaneous capital exports, but by a decline in the preference for imported goods, the consequent rise in income and employment, indicated by the multiplier formula, would be achieved at the cost of other countries. And an increase in commodity imports not accompanied by spontaneous capital imports but caused by an increase in the "consumers' propensity to consume imported goods" would indeed reduce domestic income and employment.

But obviously these conditions do not obtain in all cases. The country that imports more goods and pays for them from capital imported certainly does not lose any of its income, purchasing power or employment. The reasons are clear: capital is usually imported for "production" purposes, and therefore investment would increase in the capital-importing country at the same time and to the same extent as the import surplus, thus neutralizing the unfavorable effects which, according to the formula, the import surplus would have on income and employment. The three components of the multiplicand—investment, exports and imports—are not necessarily independent.

There is another situation in which an import surplus does not exercise deflating effects on employment, and can even be the condition for improving employment, thus exercising a positive multiplying effect. This implication of the foreign-trade multiplier formula, which to the best of my knowledge is overlooked in the literature, can best be made clear by an illustration. Let us consider a country (such as Great Britain, and formerly Germany) in which a considerable part of the existing equipment

is geared to the further production of equipment goods like steel and machinery, bought not from funds designed for consumption, but from savings; let us further assume that in this country the propensity to save has been greatly reduced, with the result that even from a full-employment income not enough would be saved to buy the capacity output of equipment goods at cost prices.

If this country were completely cut off from international trade its consumption would be limited to what it produces of consumer goods; and the consumers could not possibly obtain what they want to consume even if there were a full-employment income. In a free society one cannot make the laborer work at a consumption level far below the customary one. Full employment would not materialize, however, as the equipment-goods industries would not be able to recover their costs. And unemployment, by reducing income and consumption, would solve the problem of giving consumers as much as they want to buy from their income, despite the limited output of consumables. The available limited domestic output of consumables would be divided between the still-employed part of the population, giving them the minimum real wage rate at which they are willing to work, and the great mass of unemployed, living at a much lower rate of consumption.

International trade would restore the possibility of reaching full employment. The country might, for example, export the equipment goods for which a market at cost prices cannot be found at home, and import the consumables which a fully employed population will wish to buy out of the income derived from full utilization of the available resources. Employment is in this way increased pari passu with imports and exports, even though no export surplus is developed. As income rises, however, current savings will also increase. Therefore we must assume an appropriate rise in domestic investment to offset these savings, and then the increases in income can be related in the usual way to the increase in investment. Formally the multiplier formula is correct for this situation, as any formula must be which is

derived from identities. But the formula does not show the peculiar and roundabout way in which a rise in home investment is predicated upon a rise in exports and imports.

The full utilization of the capital-goods industries might have been reached in an alternative way: domestic savings might be augmented by capital imports to such an extent that the domestic output of equipment goods could be bought at cost prices, to be installed, possibly, in the producing country itself and not exported. Again the demand of the fully employed population for consumables would be satisfied by imports, now financed not by exports of equipment goods but by imports of capital funds.

In other words, we can supplement the contention of the foreign-trade multiplier doctrine that changes in the export surplus affect national income and employment to a magnified extent. The increase in efficiency brought about by participation in international trade is important not only because it raises the real income per capita all around, but also because by doing so it procures for the worker the real income at which he is willing to work.

If we examine how these results fit the modern short-run theory of employment we are led to an important distinction which I have hitherto kept in the background. The foreign-trade multiplier directly relates the export surplus only to aggregate income in monetary terms, not to domestic employment. Certainly, as long as the money-wage level does not substantially change, an increase in national income implies a rise in employment. The employment rise is not proportionate, however, to the increase in income, for some price rise is almost invariably associated with increasing utilization. One consequence of this is that the quantitative relationship expressed in the foreign-trade income multiplier does not hold exactly for the foreign-trade employment multiplier; in particular, the maintenance of income according to the income multiplier formula does not necessarily entail maintenance of employment, at least not in the short run. This fact will have to be borne in mind when we discuss, below, the

significance of the foreign-trade multiplier approach for the problem of free trade and protection.

At present what we are interested in is how the concept of full employment is affected by the price rise that is associated with increased utilization. In this development there comes a time when either rising costs of living or rising profits cause wage rates to move substantially upward. Then an end is set to the possibilities of further increasing employment either through home investment or through a large export surplus; a continued rise of the money value of home investment or of the export surplus would reflect only a change in prices, and not in physical quantity. When this critical point has been reached, full utilization and full employment are said to exist, in the sense of economic theory, though a large number of unemployed may still be counted statistically. In other words, there may be a gap between the level of full employment in the theoretical sense and the level of full employment in the statistical sense, caused by the refusal of some workers to work at the real wage level commensurate with their "marginal productivity" in terms of ruling prices.

An export surplus, according to the foreign-trade multiplier formula, contributes toward the attainment of full employment in the theoretical sense. An increase in the absolute volume of foreign trade helps to reduce the gap between theoretical and statistical full employment, by raising the efficiency of the productive factors.

#### IV

The application of these principles to concrete problems can be illustrated by examining the significance of United States foreign trade for domestic employment. On grounds of principle there is no difficulty in evaluating the direct contribution of an increase in commodity exports. For the creation of employment an export surplus financed by capital exports operates in the same way as home investment, and therefore a billion-dollar increase in the export surplus may be estimated as creating in the long run

national income of at least 3.5 billion dollars,<sup>7</sup> or work for not quite 1.5 million persons. It remains, of course, to determine the extent to which the export surplus will increase if exports themselves rise by, say, 1 billion dollars. The answer to this question depends on the so-called propensity to import, that is, on the amount of imports which a given increase in national income will elicit. An estimate of this import propensity necessitates extensive statistical research, but here too there are no serious methodological obstacles.<sup>8</sup>

On the other hand, there seems to be no satisfactory method for measuring the indirect contribution that foreign trade makes to employment through its long-run effect on the efficiency of production. In regard to a country whose capacity to produce capital goods exceeds its propensity to save at full-employment income, this difference, expressed in the proper units, could be used as a criterion. But it would not indicate the full extent of the indirect contribution in question. Moreover, the loss that would occur in employment if a rise in foreign trade were cut down is not a well-defined magnitude, unless we introduce assumptions concerning the speed of the change: if the decline in foreign trade is slow there is obviously a much better chance of

<sup>7</sup> This figure is based on the prewar relation between national income and disposable income, and on an estimate of 24 percent for the marginal propensity to save. The latter estimate is derived from the regression equation presented by Arthur Smithies in "Forecasting Post War Demand," *Econometrica*, vol. 13 (January 1945) p. 6:  $C = 76.58 + .76Y + 1.15t$ , with C denoting consumption per capita, Y disposable income per capita (both in dollars, prices of 1943), and t time 1923-40. Lower estimates of the marginal propensity to save, made on the basis of the years 1929-40 or of the years 1921-39, omitting 1931-35, are dubious. But the undisputed secular tendencies toward a lower propensity to save may affect not only the equation constant (consumption at zero income) but also the marginal propensity to save. Therefore the multiplier is likely to be higher than assumed above, close to 4, rather than 3.5.

<sup>8</sup> Studies on the propensity to import are being conducted by the Institute of World Affairs. They indicate that required imports amount to about 6 cents per dollar of additional industrial output, and that the induced food imports amount to about 1 cent per dollar of additional disposable income. For existing estimates of import propensities see Fritz Machlup, *National Income and the Foreign Trade Multiplier* (Philadelphia 1943) p. 200.

minimizing the decline in efficiency, by adapting the productive resources to the changing situation, than there is if the change is rapid.

But if we do not attempt to determine the absolute size of foreign trade's contribution to productive efficiency, and are satisfied with comparing foreign trade's contribution in various countries, we can reach a more satisfactory answer. In a country like the United States, which is in reality a continent, the contribution of foreign trade to the efficiency of production, and indirectly to employment, cannot fail to be smaller than in the other industrial countries. I see no valid reason why the ratio of exports to national income (or to some similar quantity) should not be used as a crude index of national differences in the contribution of foreign trade to economic welfare. In 1936, for example, this export quotient of the United States was relatively low, at 3.82 percent, and that of Great Britain was relatively high, at 10.52 percent. Mr. Taylor has rightly objected to the use of these figures as measuring the absolute size of foreign trade's contribution to employment; if American foreign trade were eliminated entirely, the ensuing loss in efficiency might be either larger or smaller than 3.8 percent, and the loss in employment would again differ from the loss in efficiency. This, however, does not invalidate the use of the export quotient for comparative purposes, and for measuring the contribution to productive efficiency rather than to employment volume.

## v

We are now in a position to appraise the significance of the foreign-trade multiplier approach for the problem of free trade versus protection. In discussing this problem two basically different questions must be distinguished: first, whether far-reaching integration of a domestic economy in the world economy is desirable as a long-run policy, in other words, whether it is indeed desirable in the long run for a country to participate widely in international trade; and second, even if the answer to the first

is affirmative, whether it is justifiable for a country to take short-run measures to protect its historically established production structure, and its resulting export-import structure, if these are menaced by short-run changes in the competitive world-market situation.

As for the second question, whether we should remedy domestic employment by promoting exports, curtailing imports, there is one case, I think, in which the answer must be in the affirmative. If a country is threatened by an import surplus (or a deficit in the current balance of payments), financed not by spontaneous capital imports but by gold exports or similar transactions, then certainly some adjustment of the level of prices, and presumably of wage rates in terms of gold, should be envisaged, by reducing either the domestic price level or the gold content of the currency. These measures, however, may not bring immediate relief, because the volume of export of manufactured goods is not only a matter of prices charged. Import restriction, which in any case would work faster, may therefore be unavoidable; moreover, this device may encourage home investment. It is true that whichever action is taken—an adjustment of the exchange rates or direct control of exports and imports—retaliation by other countries must be reckoned with; but retaliation is less likely to occur if the measures are true emergency measures, designed rather to eliminate a current deficit than to acquire an undue share in the world market. Unfortunately, the effectiveness of import restriction is limited precisely where it would be most important, that is, in the industrial countries; their imports consist mainly of raw materials and food, which cannot easily be reduced in the short run if production and employment are to be maintained.

In all other cases the promotion of exports and the reduction of imports makes sense only if the country is willing to export capital or to increase its gold reserves. From the economic viewpoint there is little to recommend gold imports, but capital exports, if feasible, deserve serious consideration as an alternative

or a supplement to increased public investment at home as a means of promoting domestic employment. Nevertheless, useful as capital exports have been and will be for the secular development of world resources, one would hardly suggest their expansion when the lender countries' products are not in sufficient demand in the world market and must be thrust on it by measures of export promotion.

More difficult is the answer to the first question, concerning the long-run desirability of participation in foreign trade. Before considering this question directly it is desirable to emphasize a point that is frequently overlooked.

It is often contended that the necessity for promoting foreign trade is evident from the harm that is done when it is curtailed.<sup>9</sup> Certainly it is true that a sudden reduction of exports, for example, of cotton exports from the United States, could not fail to do great economic damage to the region where the production for export formerly played a dominant role, in this case the southern agricultural states; and it would also harm, though to a lesser extent, the United States as a whole. Even if imports were curtailed to the same extent as exports, with the result that aggregate income in the United States were maintained, income in the South would not necessarily be maintained. And, in any case, aggregate employment would decline; the industries favored by the curtailment of imports would not be able to absorb all the workers displaced from the former exporting industry, as labor is not sufficiently mobile and the employment capacity of the favored industries is limited by the size of the existing equipment. All this is certainly true, but the fact remains that it applies only to the short run. Moreover, it can be said with equal truth that a considerable increase in autonomous imports would produce very unfortunate results. Here too, even if the aggregate income of the nation were maintained, the income in the region affected by the increase in imports might decline; and for the workers displaced by the imports there would be no greater chance for

<sup>9</sup> See, for example, Taylor, *op. cit.*, pp. 5, 6.

speedy reemployment in export industries than we found in the opposite case of export curtailment.

These well known facts, unfortunate as they are, cannot be adduced as justification for a long-run promotion of foreign trade. The fact that short-run disturbances not infrequently arise in the world market does not in itself furnish a cogent argument for integration in the world economy. Indeed, the adverse effects that may arise from a country's dependence on exports may be used, and have been used, as an argument not for the promotion of foreign trade but for economic isolationism. In a self-sufficient country, this form of the argument contends, full employment depends only on the course of domestic policy, while in a country deeply integrated in the world economy the level of prosperity and employment will depend, to a smaller or larger extent, on the condition of the world market.

This latter view certainly underestimates the possibility that exists, at least for some countries, of using domestic employment policy to offset the unfavorable effect of sudden disturbances, whether these come from "without" or from "within." And it also underestimates the long-run advantages to be derived from the international division of labor.

This leads us to the question with which we are directly concerned. And here we confront a genuine dilemma. The advantages of the international division of labor are overwhelming so long as productive factors are fully, or at least highly, utilized. There are recurrent crises, however, in which the utilization of productive factors is seriously diminished. There is no doubt that in the big depression some highly specialized industrial countries suffered greatly from their inability to maintain export volume at a satisfactory level; and the raw-material and food countries, especially those that lived on the exports of a few kinds of products, suffered from unfavorable prices. Thus we are confronted with the question whether in the present state of the arts a slow return to self-sufficiency would prove advantageous in the long run—in other words, whether the better chances for favorable

employment conditions in a situation of self-sufficiency would in the long run outweigh the disadvantages of a reduced division of labor. Free-trade theory would say no. In the multiplier approach there is no clear answer, but a few general observations may be offered.

First, there can be no doubt that even at the depth of the big depression the standard of living of the masses in the countries affected was higher than it was in the last era of complete self-sufficiency we know of in western civilization, that is, Europe in the early middle ages.

Second, the decline in import volume which the raw-material and food countries experienced during the big depression was primarily a decline in imports of investment goods and luxury goods. The standard of living of the masses was affected only to a relatively small extent; employment was hit much less than in the industrial countries. For the great majority of the people the level of consumption was certainly not worse than it would have been if the country had never taken part in international trade.<sup>10</sup>

Third, although there was considerable unemployment in industrial countries during the depression, the consumption of food (and, naturally, the use of shelter) did not decline at all in industrial countries that have a high export quotient, with the single exception of Germany. The standard of living of the masses was certainly impaired to a much lesser extent than it would have been if these countries had not benefited at all from international trade. The sharper decline in the standard of living of the German masses was the consequence of World War I: loss of foreign investment, high interest payments to foreign creditors, and reparation payments.

Fourth, as for the two economic giants, the United States and the Soviet Union, there the loss of efficiency from the elimination

<sup>10</sup> It is not to be denied, however, that, theoretically, a more mixed economy may enjoy, on the average over the business cycle, a higher *aggregate* income than a "one-industry" economy which concentrates production on a few food or raw-material items.

of foreign trade would be much smaller than in the other industrial countries. As regards the United States, we cannot be certain whether this loss would be of a higher order of magnitude than the losses from the big depression. Comparison with the depression is irrelevant for the United States, however, because there the depression losses were certainly not the consequence of entanglement in the world market, nor would the export-import situation in any way have hindered this country's initiation of a timely and successful full employment policy.

Finally, even if the loss from the elimination of foreign trade should prove to be very slight, the fact remains that integration into world trade makes it possible to develop an export surplus, at least temporarily, and therefore helps to maintain or increase domestic employment.

Therefore it seems justifiable to conclude that the deeper insight we have obtained during the last dozen years into the causes of depression and unemployment does not substantially qualify the classical doctrine of the superiority of a free-trade policy.

# ON A NEW INTERPRETATION OF PLATO'S POLITICAL PHILOSOPHY

BY LEO STRAUSS

## I

PROFESSOR Wild's recent book on Plato<sup>1</sup> is not simply a historical work. His presentation of Plato's doctrine of man is animated by the zeal of a reformer and is meant to bring about a radical reorientation of the "philosophy of culture." Thoroughly dissatisfied with modern philosophy in all its forms, and unwilling to take refuge in Thomism, Wild turns back to classical philosophy, to the teaching of Plato and Aristotle, as the true teaching. At present very few will be prepared to accept his basic premise. But it is safe to predict that the movement which his book may be said to launch in this country will become increasingly influential and weighty as the years go by. However one may have to judge of his thesis, or of his book, the question that underlies his book, and to which his thesis is an answer, goes farther to the roots of the problems of the social sciences than any other question of which I am aware that has been publicly raised in recent times.

That question concerns the legitimacy of the modern approach in all its forms, as distinguished from the classical approach. It revives, after more than a century of silence, the issue which is known as *la querelle des anciens et des modernes* and which is generally supposed to have been settled, if not by Newton and Rousseau, at any rate by Hegel. Wild's book shows certainly that this apparently obsolete issue has again become a question. Indeed, only those who rush in where sensible men would fear to tread will claim that it has already found, or could yet have found, a sufficient answer. We are barely beginning to realize the

<sup>1</sup> John Wild. *Plato's Theory of Man. An Introduction to the Realistic Philosophy of Culture.* Cambridge: Harvard University Press. 1946. x & 320 pp. \$5.

bearing and the extent of its implications. In Wild's book this underlying question is what must command the most serious attention of every social scientist who does not wish to be, or to be called, an obscurantist.

The test of extreme severity which modern civilization is undergoing before our eyes on the plane of action is accompanied by an increasingly insistent attack of a theoretical character on the principles of modern civilization. This attack cannot be met by a mere defense. Defensibility is not truth. The world abounds with defensible positions that are irreconcilable with one another. To limit oneself to the defense of a position means to claim the advantages of prescription; but one cannot enjoy those advantages without exposing oneself to the reasonable suspicion that one is defending a vested interest of some kind or another which does not bear being looked into by an impartial third. To claim the advantages of prescription is particularly unbecoming for the adherents of the modern principles—principles that are inseparable from the demand for the liberation of one's mind from all prejudices. The very resolution to defend a position may be said to entail the loss of a most important freedom, a freedom the exercise of which was responsible for the success of the modern venture: defenders cannot afford radically to doubt. Adherents of the modern principles who lack the ability to take a critical distance from the modern principles, to look at those principles not from their habitual point of view but from the point of view of their opponents, have already admitted defeat: they show by their action that theirs is a dogmatic adherence to an established position.

Thus the only answer to the attack on the modern principles which is legitimate on the basis of those principles themselves is their free and impartial reexamination. The method of such a reexamination is predetermined by the nature of the modern principles. They were evolved in opposition to, and by way of transformation of, the principles of classical philosophy. Up to the present day no adherent of the modern principles has been

able to assert them with any degree of definiteness without explicitly and more or less passionately attacking the classical principles. Therefore a free examination of the modern principles is necessarily based on their conscientious confrontation with those of classical philosophy.

To confront them with the principles of mediaeval philosophy would not suffice. Generally speaking, mediaeval philosophy has in common with modern philosophy the fact that both are influenced, if in different ways, by the teaching of the Bible. That influence does not necessarily become a subject of critical investigation if modern philosophy is confronted with mediaeval philosophy, whereas it necessarily comes immediately to the center of attention if modern philosophy is confronted with classical philosophy. Besides, it was classical rather than mediaeval philosophy which was attacked by the founders of modern philosophy. At any rate, the founders of modern political philosophy conceived of their work as directed against classical philosophy in all its forms; in the passages of their writings where they state their intention most clearly they do not even mention mediaeval philosophy as a significant opponent.<sup>2</sup>

It would be a mistake to believe that the principles to be confronted with each other, especially those of classical philosophy, are readily accessible in the works of the historians of philosophy. The modern students of classical philosophy are modern men, and hence they almost inevitably approach classical philosophy from a modern point of view. Only if the study of classical philosophy were accompanied by constant and relentless reflection on the modern principles, and hence by liberation from the naive acceptance of those principles, could there be any prospect of an adequate understanding of classical philosophy by modern men. One may seriously doubt whether there is a single study which fully meets this indispensable requirement. A sign of this is the

<sup>2</sup> See Machiavelli, *The Prince*, chs. 14 and 15 (compare *Discorsi* I, Introd. and ch. 58); Bodin, *Six livres de la république*, preface; Hobbes, *De cive*, XII 3 (compare preface), and *Leviathan*, ch. 21 (p. 113 Everyman's Library edition).

fact that one rarely, if ever, comes across studies on classical philosophy which do not make ample use of modern terminology, and thus continually introduce non-classical thoughts into what claim to be exact presentations of classical philosophy.

Until a relatively short time ago most students of earlier philosophy started from the assumption that modern philosophy is decisively superior to classical philosophy. Accordingly they were compelled to try to understand classical philosophy better than it understood itself, that is, they were prevented from wholeheartedly complying with the demand of genuine historical understanding or of historical exactness according to which one has to try to understand the thinkers of the past exactly as they understood themselves. It is obvious that one's understanding of the thought of the past will tend to be the more adequate the more one is interested in the thought of the past; but one cannot be seriously interested in it, cannot be driven to it by philosophic passion, if one knows beforehand that the thought of the present is decisively superior to that of the past.

This is confirmed by the generally accepted view that "the historical school," in the wide sense of the term, brought about a better historical understanding and a keener awareness of the demands of historical exactness than was available in the philosophy of the eighteenth century: these "romantics" did not believe in the *essential* superiority of their time to the past. The fusion of philosophic and historical interest which we can observe especially around the year 1800 in Germany, and out of which the modern study of classical philosophy grew, was animated by a "longing of the soul" for classical antiquity. Both the greatness and the failings of modern understanding of classical philosophy can be traced to those fateful years: one would only delude oneself by believing that the fundamental thoughts of such men as Friedrich Schlegel and Hegel have ceased to be the philosophic basis of our understanding of the classics merely because a large number of their individual assertions have been rejected by their followers or opponents. These thinkers, guided by Schiller's

distinction between naive and sentimental poetry, conceived of the thought of the classics as "naive," that is, as related to life directly, and for this reason lacking the "reflection" of the modern "self-consciousness." Therefore, however much their historical understanding may have surpassed that of the Enlightenment, their final judgment on the respective merits of modern and classical philosophy coincided with that of their predecessors, since at least from the point of view of philosophy the shortcomings of naivete are much more serious than its advantages. The view prevailed, and is still prevalent, in spite of or because of the discovery of "history," that classical philosophy did not raise the truly fundamental questions of a "reflexive" character which concern "subjectivity," and which were raised with increasing clarity in the course of the modern development.

The average historian of our time is a spiritual descendant not so much of Hegel himself as of nineteenth-century historicism. Historicism assumes that all periods are equally "immediate" to "the truth," and hence it refuses to judge the thought of the past with reference to "the truth" of our time. Its intention is to understand the thought, say, of Plato exactly as Plato understood it himself, or to interpret Plato's statements with a view to the center of reference not of modern thought but of his own thought. It is constitutionally unable, however, to live up to its intention. It assumes that, generally speaking and other things being equal, the thought of all epochs is equally "true," because every philosophy is essentially the expression of its time,<sup>3</sup> and it makes this assumption the basis of its interpretation of classical philosophy. But classical philosophy, which claimed to teach *the truth*, and not merely the truth of classical Greece, cannot be

<sup>3</sup> According to a view that is very popular today, the historicist thesis can be proved by historical evidence: historical evidence is said to prove that all philosophic teachings are "relative" to their "times." Even if this were so, nothing would follow from it, since the "relatedness" of a teaching to its "time" is essentially ambiguous and does not necessarily mean dependence of the teaching on its "time"; a particular time may have been particularly favorable to the discovery of *the truth*.

understood on the basis of this assumption. By rejecting the claim of the classics as untenable, if not as simply absurd, historicism asserts just as much as did the Enlightenment and German idealism that the modern approach (for historicism is admittedly characteristically modern) is decisively superior to the classical approach. Historicism supplies as little as other modern schools a philosophic motive for the genuinely historical effort to understand classical philosophy in exactly the same way as it understood itself.

To understand classical philosophy one must be seriously interested in it, must take it as seriously as possible. But one cannot do this if one is not prepared to consider the possibility that its teachings are simply true, or that it is decisively superior to modern philosophy. No prejudice in favor of cherished modern convictions must deter the historian from giving the thinkers of old the full benefit of the doubt. When he engages in the study of classical philosophy he must cease to take his bearings by the modern signposts with which he has grown familiar since his early childhood; he must learn to take his bearings by the signposts that guided the classical philosophers. Those old signposts are not immediately visible; they are concealed by heaps of dust and rubble. The most obvious, although not by any means the most dangerous, impediments to genuine understanding of the classics are the superficial interpretations which are offered in textbooks and many monographs and which seem to unlock by one formula the mystery of classical philosophy. The signposts that guided the classics must be recovered before they can be used. Before the historian has succeeded in recovering them he cannot help being in a condition of utter bewilderment: he finds himself in a darkness that is illumined only by his knowledge that he knows, that is, understands, nothing. When he engages in the study of classical philosophy he must know that he embarks on a journey whose end is completely hidden from him. He is not likely to return to the shores of our time as exactly the same man who departed from them.

Our lack of an adequate interpretation of classical philosophy is due to the lack of a philosophic incentive to such an interpretation. This lack is now filled for the first time in a number of generations by insight into the necessity for a free reexamination of the modern principles, a reexamination that necessarily presupposes an adequate understanding of classical philosophy. What at first sight is merely the result of the demands of historical exactness is actually the result of the demand for a philosophic reexamination of our basic assumptions. This being the case, insistence on the fundamental difference between philosophy and history—a difference by which philosophy stands or falls—may very well, in the present situation, be misleading, not to say dangerous to philosophy itself.

## II

On the basis of this discussion of the standard with reference to which present-day books on classical philosophy ought to be judged, we may turn now to Wild's book on Plato's doctrine of man. It is evident at once that for Wild himself, whatever doubts may be entertained by some of his readers, *la querelle des anciens et des modernes* no longer exists. He considers it definitely settled in favor of the classics. After having disposed of this fundamental question, which as such is a theoretical question, he can pursue a practical or political intention on the foundation of the classical teaching.

This leads to dangerous consequences. The teaching of the classics can have no immediate practical effect, because present-day society is not a *polis*. It does not suffice to say that man is always man and that there is no other difference between modern society and the society envisaged by the classics than that the former is more "complex" than the latter, or that the difference between them is only one of size; for even if this were true, the classics themselves regarded size as of crucial importance for determining the character of a society. To be somewhat more specific, it is true that what Plato teaches us about tyranny is

indispensable for the understanding of present-day "totalitarianism," but one would misunderstand that contemporary phenomenon by simply identifying it with the tyranny of old; it suffices here to remark that present-day "totalitarianism" is essentially based on "ideologies," and ultimately on popularized or distorted science, whereas ancient tyranny did not have such a basis. Since there are essential differences between modern society and the society envisaged by the classics, the classical teaching cannot be immediately applicable to modern society, but has to be *made* applicable to it, that is, must be modernized or distorted.

Wild is not unaware of the danger to which he exposes himself. He opens his book with the following declaration: "This book is not an attempt to expound the whole of Plato's philosophy, nor even of a single part of his philosophy, as 'historic' exposition is often understood. Its aim is not so much to reveal the thought of Plato as to reveal the nature of human culture and its inversion, using Plato, the philosopher, as a guide. Though such a purpose may seem strange to a certain version of history as antiquarian research, I am sure that it would not seem strange to Plato." Certainly, Plato considered the philosophic question of the best political order infinitely more important than the historical question of what this or that individual thought of the best political order; hence he never wrote a book on other people's "theories of man." But it is equally certain that he would have preferred an adequate historical investigation to an inadequate philosophic investigation: "it is better to finish a little task well than a great one inadequately."

Wild would have come nearer to the spirit of Plato's unconcern with, or even contempt for, the merely historical truth if he had expounded his own "philosophy of culture" in his own name, or if, following the example of Sir Thomas More, he had written a free imitation of the *Republic*, that is, if he had taken the responsibility for a teaching which is actually his own teaching and not sought refuge behind the shield of Plato's dazzling authority.

Nothing would have prevented him from pointing out on every occasion how much he had learned from Plato.

By embarking on the un-Platonic venture of writing a book on Plato's "theory of man" he has forfeited every right to appeal to Plato's sovereign disregard for historical truth and must bow to the standards of historical exactness. His failure to submit to these standards, combined with his failure to write a non-historical book on the "theory of man" or "the realistic philosophy of culture," merely leads to the result that he is not compelled really to prove his most important assertions. It exposes him to the danger of substituting for proof of the historical contention that Plato held certain views some sort of philosophic reasoning showing that the views in question are sound, and of substituting for the demonstration of philosophic theses references to Platonic passages where those theses are asserted. For instance, he obviously believes in the necessity and possibility of a natural theology;<sup>4</sup> since he writes a book on Plato he can leave it at referring to Platonic passages in which it is presupposed, or demonstrated, that the existence of God is knowable to unassisted theoretical reason, and he is not compelled squarely to set forth a demonstration of the existence of God.

Wild's refusal to expound the whole of Plato's "theory of man" is irreconcilable with his view that our disasters are due to rejection of the classical teaching; for if this view is sound, one has to recover the classical teaching as a whole before one can even think of selecting parts from it. Prior to such complete recovery every selection is arbitrary, having no other principle than modern predilections. If it is true that *la querelle des anciens et des modernes* is the paramount issue, one merely blurs that issue by substituting for a downright modern teaching a modernized Platonic teaching.

For the reasons indicated, Wild is compelled to assume that we can find in the classical teaching the solution to our modern problem. Our problem is caused by the insufficiency of modern philos-

<sup>4</sup> Wild, pp. 11, 30, 109, 220, 229, 290, 292.

ophy. Hence the classics must be presumed to supply us with an analysis, diagnosis and therapy of the modern disease. Wild opposes the "realism" of classical philosophy to the "idealism" of modern philosophy, and he asserts that "idealism" is identical with the phenomenon characterized by Plato as sophistry.<sup>5</sup>

The temptation to identify modern philosophy with sophistry is considerable, and Wild is not the first to succumb to it. But can that identification be maintained in cold blood? German idealism, against which Wild's attack is primarily directed, was always inclined to conceive of its relation to the philosophy of the Enlightenment as analogous to the relation of classical philosophy to the Greek sophists. As a matter of fact, one sometimes has the impression that Wild merely replaces the thesis "sophistry is to classical philosophy as Enlightenment is to German idealism" by the thesis "sophistry is to classical philosophy as German idealism is to Wild." The truth is, however, that whereas German idealism never lost sight of the fundamental difference between modern thought in all its forms and classical thought in all its forms, Wild rests satisfied with the unqualified identification of idealism *tout court*—and hence in particular modern idealism, German and non-German—with sophistry. If his contentions on this point were to be taken seriously he would have had to limit himself to asserting that sophistry is the remote, indirect and unintentional, if necessary, consequence of the fundamentally unsophistical and genuinely philosophic effort of modern philosophy, and he would have had to take the trouble of submitting some non-rhetorical and non-sophistical proof of this very far-reaching assertion.<sup>6</sup>

<sup>5</sup> Wild, pp. 4 ff., 12 ff., 21, 234, 249, 254, 271, 301, 304, 310 ff.

<sup>6</sup> Wild mentions the following characteristic traits of "idealism": the subordination of ontology to logic (p. 2); the denial of the intentionality of thought (280 n., 301); the view "that all things are constantly thinking, or that there are unconscious or non-thinking thoughts" (214); the confusion of material things with the forms, the objects of thought, and hence the denial of matter, motion and change (5, 234, 238, 290). His last word on the subject is the identification of idealism with "the confusion of man with the creator" (311), that is, with the view that all meaning, order and truth are originated by, or relative to, "consciousness," "reason," "the

The difficulties to which the identification of idealism with sophistry is exposed are sufficiently illustrated by Wild's own hesitations. On the one hand, he unqualifiedly identifies idealism with sophistry (311); on the other hand he asserts that idealism is the root of sophistry (271, 279 ff., 79), and hence that it is different from sophistry. He exonerates idealism still more by intimating that it is only one of the roots of sophistry. The root of sophistry is said to be "transcendental confusion," and certain "transcendental confusions" lead to errors different from idealism which also lead to sophistry (229 ff., 234, 297). But even "transcendental confusion" is not necessarily *the* root of sophistry, for while it is called on one occasion "the ultimate root of sophistry" (232), on another occasion it is said to "lie close to the root of sophistry" (238). We are thus gradually led to the view that "transcendental confusion" may lead to idealism as well as to other heresies, and that idealism as well as other errors may lead to sophistry—a view that is plausible, if not very enlightening, since even truth itself can be sophistically misused (273).

To this Wild might conceivably answer as follows: "transcendental confusion" is an "active tendency" which, following its own law, leads to an extreme beyond which "sophistry can go no further," in other words, to the position of Protagoras, "the original sophist par excellence" (239); and Protagoras' position is idealism (239, 254, 306). But—to say nothing of the fact that, according to what he says elsewhere, sophistry *can* go beyond Protagoras, that is, toward "unmitigated naturalism" (254)—it is

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subject," "man" or *Existenz*. (Compare E. Husserl, *Ideen*, §§ 47, 49, 55, and M. Heidegger, *Sein und Zeit*, § 44, as well as "Vom Wesen des Grundes" in *Festschrift für Edmund Husserl*, Halle 1929, pp. 98 ff. I refer to Husserl and Heidegger because they most clearly reveal that Wild's identification of idealism with the denial of intentionality or with the subordination of ontology to logic does not go to the root of the matter.)

Wild's position is at least as much opposed to English empiricism, for example, as it is to German idealism. Yet he has chosen to present German idealism as *the* villain. A man who claims to be a Platonist is under an obligation to stress the fact that German idealism attempted to restore important elements of Plato's and Aristotle's teaching in opposition to western (English and French) philosophy, if on the basis of a foundation laid by western philosophy.

hard to understand how one can treat the "idealism" of Protagoras and the "idealism" of Kant, Hegel or Husserl as fundamentally identical. In other words, one definitely goes beyond the limits of legitimate polemical excitement by identifying modern philosophic idealism with sophistry and thus implying that men like Kant or Husserl were "subjective deceivers," that they were "submitting to the sensory bias of [their audience] . . . and careless of the truth," and that, "with a little argumentative skill and persuasive capacity" they were making out "an original theory" to "look at least as good as the truth, if not a great deal better" (284, 310; the last quotations are taken from passages explicitly dealing with the essence of sophistry). To express the same criticism somewhat less harshly, Wild has considerable success in the rhetorical feat of rousing the reader's wrath against the scoundrels who are guilty of "transcendental confusion" or "transcendental carelessness" (297), but he does not completely convince one that ordinary confusion or ordinary carelessness is necessarily the outcome of too concentrated contemplation of "transcendental agencies" (298).

To see how Wild arrives at his surprising assertion one merely has to compare what he considers to be the essence of sophistry with the most characteristic trait of modern idealism. Sophistry, he asserts, is essentially the construction of "theories," "systems" or "ideal replicas" of reality, whereas philosophy "gives itself entirely to the task of hunting [reality] as it already is" (280, 308, 310). Modern idealism explicitly conceives of being as "constructed" or "constituted" by, or otherwise dependent on, the spontaneity of the "subject"; in its "classical" form, at any rate, it was based on the view that we can genuinely understand only what we "make" or "construct." But is there not all the difference in the world between constructing "subjective theories" because one denies that there is a fundamental difference between science and opinion or sense perception (sophistry), and constructing "ideal" "models" because one holds that only such construction makes possible science, as distinguished from opinion or

sense perception (modern idealism)? Modern idealism is so far from being identical with or even akin to sophistry, in Wild's sense of the term, that it stands or falls by the Platonic-Aristotelian distinction between science and opinion or sense perception.

Wild's inability to do justice to modern philosophy<sup>7</sup> is due to his failure to give serious consideration to the question why modern philosophy revolted against the classical tradition, in other words, to the difficulties to which classical philosophy was and is still exposed. According to the classics, science presupposes that the world is intelligible, and this, Plato and Aristotle held, is impossible if intelligence does not "rule" the world. Classical science, one may say in order to simplify the discussion, ultimately depends on the possibility of natural theology as a science (compare Wild, 258). It was especially due to the influence of the Bible that the classical view became questionable, even for many of its adherents. Certainly the final form of classical science, that is, Aristotelian science (11, 17, 292), stands or falls by the doctrine of the eternity of the visible universe, a doctrine diametrically opposed to the Biblical doctrine of creation. One would have to have the courage to call Luther and Calvin sophists before one could dare to assert that only sophists can question the satisfactory character of the reconciliation attempted by Maimonides and Thomas Aquinas between the Biblical and the Aristotelian teachings. Wild, however, barely alludes to the Reformation when speaking of the origins of the modern break with classical philosophy. At any rate a case could be made for the view that it was reflection guided by the Biblical notion of creation which ultimately led to the doctrine that the world as created by God, or the "thing-in-itself," is inaccessible to human knowledge, or to the idealistic assertion that the world as far as we can under-

<sup>7</sup> A further example: "This mysterious mistrust of universal knowledge is identified by Plato as the source of social corruption. . . . It is visible now in the sharp separation of 'the theoretical' from 'the practical' which stems from Kant" (122). The author obviously did not consider Kant's "Über den Gemeinspruch: Das mag in der Theorie richtig sein, taugt aber nicht für die Praxis." He must have mistaken Kant for Burke.

stand it, that is, the world as studied by human science, must be the "work" of the human mind.<sup>8</sup>

Be this as it may, in reading Wild's book one suddenly realizes the value of that textbook version of the primary motivation of modern philosophy which, if memory is a trustworthy guide, starts from the well-known fact that the difficulties to which classical philosophy is exposed find today their most massive expression in the success of modern natural science. Wild seems to believe that he can reject modern philosophy while he does not dare to reject modern science. He certainly makes the most naive use of the fairly recent distinction between philosophy and science (78 ff. and 200 ff.) without considering that there is no place for this distinction in classical philosophy or science.<sup>9</sup> He thus tacitly assumes that modern "science" can be reconciled with, or integrated into, classical "philosophy." But he does not give one the slightest notion of how this could be achieved. Or does he believe that one can bridge the gulf between the "evolutionism" of modern biology and Aristotle's basic doctrine of the eternity of the species by triumphantly pronouncing that "classical philosophy [was] in Aristotle and Aquinas, and, indeed, universally before the decay of modern scholasticism . . . indubitably and incurably in its treatment of nature an evolutionary philosophy" (5)? Whatever may be the limitations of modern natural science, its obvious success has brought about a situation in which the possibility of natural theology has lost all the evidence it formerly possessed, and a much more serious reflection than Wild deems necessary would be required for checking "irresponsible, sophistic speculation" (79) about natural theology, to say nothing of what would be required for restoring it as a genuine science.

<sup>8</sup> See Kant, *Kritik der reinen Vernunft*, ed. by Vorländer, p. 131, and *Kritik der Urteilskraft*, §§ 84 ff.; Hobbes, *De corpore*, xxv 1, *De homine*, x 4-5, and *Leviathan*, chs. 37 and 31; also Bacon, *Advancement of Learning*, pp. 88, 94 ff., 132 ff. (Everyman's Library edition), and Descartes, *Meditationes*, 1.

<sup>9</sup> In speaking of the Platonic distinction between mathematics and dialectics Wild identifies *dianoia* with "scientific insight" and *noesis* with "philosophic insight" (189, 197 ff.), thus contradicting what Plato clearly says in the *Republic* (533 c-d; compare *Seventh Letter*, 342 a-b).

In order to maintain the thesis that modern idealism is identical with sophistry Wild has not merely to disregard completely the fundamental issue involved in the conflict between modern and classical philosophy, and to misinterpret modern philosophy; he is also compelled to misinterpret the Platonic doctrine of sophistry. According to his interpretation of the *Sophist*, Plato saw the essence of sophistry (as distinguished from philosophy, which is the "reproduction" of the truth) in the "production" of "artificial constructions" and "novel theories and original speculations" or "systems," and in "productive" or "creative" thinking "about the most general and the most important things" (280 ff., 304 ff., 308). Plato does not, of course, say anything about "novel theories," "original speculations" or "systems." What he does say in the "vital discussion" (279) of the essence of sophistry<sup>10</sup> is that sophistry is the production in speech of inexact imitations of all things, or the reproduction in spoken images of the apparent proportions of reality.

Wild himself virtually admits (281 ff.) that sophistry thus understood is as much and as little "productive" or "creative" as philosophy itself, which in the same context (*Sophist*, 235 d1 to 236 c7) is possibly hinted to be the production in speech of exact imitations of what is, or the reproduction in spoken images of the true proportions of reality. Even if it is granted that philosophy cannot be described in precise language as the production of exact imitations of reality, one would still not be entitled to say that according to Plato sophistry is essentially the production in speech of inexact imitations of the most important things; for, to say nothing of other considerations, the sophist shares this trait, according to Plato, not only with the popular orator but above

<sup>10</sup> In the "preliminary" discussion (*Sophist*, 221 c5 to 231 e) the Eleatic stranger mentions the fact that the sophist might "make" the doctrines he sells, but he makes it quite clear that it is irrelevant whether the sophist "makes" his doctrines himself or has them supplied by others (224 e2). It is the young Theaetetus, who has never seen a sophist (239 e1; compare *Meno*, 92 b7 ff.), who stresses the "productive" character of sophistry (231 d9-11). Whatever this may mean, the Eleatic stranger states shortly afterward that this aspect of sophistry is certainly not the most characteristic one (232 b3-6; compare 233 c10-d2).

all with many simpleminded "men in the street"<sup>11</sup> and indeed (since mere diffidence in one's opinions about the whole does not liberate one from the spell of those opinions) with all non-philosophers as such.<sup>12</sup> Nor does one render Plato's thesis correctly by suggesting that the sophist is responsible for, or is the first originator of, the "fancies" of other men, since Plato makes it quite clear that the "fancies" which the sophist defends, elaborates or destroys originate with an entirely different type.<sup>13</sup>

If the construction of "theories" were sophistry every erring philosopher who as such substitutes a "theory" of his own for the truth would be a sophist. Wild is consistent enough to use "sophistry" and "false philosophy" as synonymous terms (64, 232, 234). But this is certainly not the Platonic view. In a passage of the *Theaetetus* (172 c3 ff.) which is taken by Wild to deal with the opposition between philosophy and sophistry (254) Thales, who from Plato's point of view doubtless held a "false philosophy," is mentioned as a representative of the philosophic attitude. If Wild were right the designation of sophist would belong not only to the venerable Parmenides,<sup>14</sup> who identified the One with "a spatial whole" which he "imagined" (221 ff.) and who "committed acosmism," "absolutism" and "pantheism," but to Plato himself, whose "dynamic ontology" ("a brilliant and fertile suggestion") suffers from the "confusion of logic with ontology" (292, 296), and

<sup>11</sup> Compare *Sophist*, 268 a-c, with *Apologia Socratis*, 22 d7.

<sup>12</sup> To avoid this difficulty Wild suggests that "just as all men are philosophers, and Socrates is the typical man, so are all men also sophists" (275). From this it would follow that Socrates, too, is a sophist, and not the opposite of the sophist, as suggested elsewhere (38, 306). Besides, the whole argument of the *Sophist*, and even of Wild's book, presupposes that the sophist is a specific human type distinguished not only from the philosopher but from the orator, the hunter, the tyrant, the lover, the statesman, the painter, the merchant and so on. This is not to deny that Plato sometimes uses "sophist" in a much wider sense; but this wider sense as such is not the precise sense. The common man is a "sophist" in almost the same sense in which the bricklayer or the shoemaker is a "scientist" (see *Statesman*, 258 c6-e7, and *Theaetetus*, 146 d1-2).

<sup>13</sup> *Republic*, 493 a6-9; *Statesman*, 303 b8-c5.

<sup>14</sup> Wild's statements on pp. 128 ff. imply that Heraclitus, Parmenides and other great men were sophists.

even to Aristotle, who denied the creation of the world and hence the creator (311). Hardly anyone, except perhaps some theologians, would escape that fate.

According to the classical view sophistry is not false philosophy but a particular mode of the absence of philosophy, or, to speak somewhat more exactly, the use of philosophy for non-philosophic purposes by men who might be expected to know better, that is, who are somehow aware of the superiority of philosophy to all other pursuits. What characterizes the sophist is neither the construction of "original theories," of which all pre-Socratics and the author of the *Timaeus* were at least as guilty as the modern philosophers, nor, on the other hand, self-complacent scepticism, but the purpose for which he uses his "constructive" or "destructive" speeches.<sup>15</sup>

Since he believes that the sophist is the originator of the most fundamental errors (305, 118, 121) Wild is driven to assert that sophistry is the "inversion" of philosophy: "of all the modes of ignorance surely that of the sophist . . . is the most formidable" (278, 305). According to Plato there are at least two equally "formidable" vices, diametrically opposed to philosophy and to

<sup>15</sup> Aristotle, *Rhetoric*, 1355 b17-22, and *Metaphysics*, 1004 b22-26. The view outlined above is confirmed by a comparison of Callicles (in the *Gorgias*) with the sophists. Callicles is not a sophist, as Wild implies (38, 306), but a despiser of sophistry, and he is this precisely because he is not in any way aware of the superiority of philosophy, or wisdom, to all other pursuits. While he is thus more opposed to Socrates than are Gorgias and Polos, he is on the other hand nearer to Socrates than are Gorgias and Polos, because he and Socrates are "lovers" (compare *Gorgias*, 481 d1-5, with *Sophist*, 222 d7 ff.). Socrates and Callicles are passionately given to the pursuit of what they consider best (to philosophy and politics, respectively), but the sophist's pursuit of philosophy is lukewarm, because he is passionately concerned with pleasures other than those deriving from understanding, or from understanding in common (true friendship), and especially with the pleasures deriving from "prestige." Wild's failure to distinguish between the "Callicles" type and the "sophist" type underlies also his interpretation of *Republic* 487 b to 497 a (121-31). He gratuitously assumes that passages refer to sophists which unmistakably refer to politicians. In the same context he also erroneously identifies the sophist with the half-philosopher, or the man who, though lacking the necessary natural gifts and destined by nature for the humbler arts, devotes himself to the study of philosophy (compare *Republic*, 495 d7, with *Phaedrus*, 245 a7).

each other: sophistry and the self-satisfied stupidity of the ignoramus, who mistakes his opinions for knowledge (*Sophist*, 267 e10 ff. and 229 c), as Wild himself on one occasion almost openly admits (128). The opposition of these two vices to each other permits the philosopher, and even compels him, to fight the one with the other: against the sophistic contempt for "common-sense" he appeals to the truth divined by "commonsense," and against the popular satisfaction with "commonsense" he allies himself with the sophistic doubt of it.<sup>16</sup> By insisting onesidedly on the opposition between the philosopher and the sophist one blurs the equally fundamental opposition between the philosopher and the "unsophisticated" non-philosopher, and thus is finally led to make the thoroughly un-Platonic assertion that "all men are philosophers" (275). While in one sense the sophist is *the* antagonist of the philosopher, in another sense the non-sophistic non-philosopher is *the* antagonist: the sophist, as distinguished from the vulgar, may be the "friend" of the philosopher.<sup>17</sup>

Sophistry (in the Platonic sense), far from being something like original sin, as Wild makes it out to be (305 ff., 311, 169), is, from the philosophic point of view, play or childish amusement; and the sophist, far from being the evil one or his emissary, is rather to be characterized as a man of mature age who has never grown up.<sup>18</sup> As Plato shows by the more trustworthy "deed" rather than by "speech"—by his *demonstratio ad oculos* of sophists, especially in the *Protagoras* and the *Euthydemus*—sophistry, from the philosophic point of view, is strictly speaking ridiculous, and what is ridiculous is a harmless deformity.<sup>19</sup> And if the objection is

<sup>16</sup> See *Sophist*, 239 e5 to 240 a2; *Theaetetus*, 196 e1 to 197 a4; *Protagoras*, 352 b2 to 353 a; *Republic*, 538 e5-6. Wild, who does not always say the same things about the same topics (*Gorgias*, 490 e9-11), almost says on one occasion (99) what I said above in contradicting his predominant sentiment. See also his remark (167) that "the public tyrant," and hence not the sophist, "is the most inverted . . . of men."

<sup>17</sup> *Republic*, 498 c9-d1; *Apologia Socratis*, 23 d4-7; *Phaedo*, 64 b1-6; *Laws*, 821 a2 ff.; *Hippias maior*, 285 b5-c2.

<sup>18</sup> *Sophist*, 234 a-b, 239 d5, 259 c1-d7. Compare *Parmenides*, 128 d6-e2, and *Republic*, 539 b2-d2.

<sup>19</sup> *Philebus*, 49 b5-c5; Aristotle, *Poetics*, 1449 a34-37.

made that Socrates warns the young Hippocrates against the dangers which might threaten him at the hands of Protagoras, the answer is obvious that Socrates also warns Protagoras against the dangers threatening him at the hands of that fool and son of a fool, Hippocrates, and his like, and that what is dangerous to the "Hippocrates" type is not necessarily dangerous to others.<sup>20</sup> The unintelligent indignation about sophists which Wild imputes to Socrates is characteristic not of Socrates but of the men who persecuted and killed him.<sup>21</sup>

It is in obvious contrast to a teaching to which Plato adhered to the last—that all vice and all wrongdoing are ultimately involuntary, because they proceed from ignorance (*Laws*, 731 c2-7 and 860 c7-d1)—that Wild traces sophistry, "the greatest evil," to something like wilful ignorance (306). The ultimate reason why he believes that sophistry is essentially "creative thought" or "false philosophy" or the "inversion" of philosophy, would seem to be that he reads Plato in the spirit not of Plato but of the Bible. He identifies the sophist with "the maker of an idol,"<sup>22</sup> and sophistry with the "vain philosophy" and "science falsely so called" of the Epistle to the Colossians and the First Epistle to Timothy. In his presentation sophistry takes on all the colors of idolatry, which is "the cause, the beginning and the end of all sin," and of infidelity, which has its root in pride.

Lest the foregoing remarks be misunderstood, it must be said that they apply only partly to any attempt to interpret Platonic philosophy in Biblical terms. While all such attempts are extremely questionable, there is no necessity whatever that they be made in the particular manner which Wild has chosen, both

<sup>20</sup> *Protagoras*, 316 c2-5 and 319 b1-e1 (compare *ibid.*, 310 c3-4, with *Republic*, 549 e3 to 550 a1); *Theaetetus*, 151 b2-6; *Republic*, 492 a5-8; *Meno*, 91 e2 to 92 a2.

<sup>21</sup> *Meno*, 91 c1-5; compare *Republic*, 536 c2-7.

<sup>22</sup> Wild, 284 (also 81): "the maker of an idol (*eidolon*)."  
Unfortunately Plato, in the passage to which Wild refers as well as elsewhere in the *Sophist* (235 b8 to 236 c7, 264 c4-5, 265 b1, 266 d7-8, 268 c9-d1) uses *eidolon* to designate the genus which embraces both "replicas" (the products of the philosopher) and "fancies" (the products of the sophist, among others). See especially 266 b2-c6, where Plato speaks of the "idols" made by God.

in his presentation of Plato's philosophy and in his criticism of modern philosophy. That particular manner has as little Biblical support as it has philosophic support.

### III

The contention that we can find in classical teaching the solution to our problem is exposed to a further difficulty, caused by what one may well call "the fundamental opposition of Plato and Aristotle." To justify his enterprise Wild has to assert that there is a fundamental harmony between the two philosophies. He admits that there is a certain "contrast" between them: Plato "is always tending to regard things from a practical or moral point of view, while Aristotle is always tending to regard things from the detached theoretical point of view." But he holds that this "contrast" merely represents "two distinct though inseparable phases of one and the same philosophy."

According to Wild, Plato's answers are more elaborate or more satisfactory than Aristotle's in regard to practical philosophy, and the opposite is true in regard to theoretical philosophy (6, 11, 16 ff., 22, 42). In discussing Plato's theoretical philosophy he follows in the main the school of interpretation which asserts that Plato in his "later" dialogues abandoned the "separation" of ideas and sensible things, and thus adopted a "dynamic" view fundamentally different from the "static" view expounded in the "earlier" dialogues as well as in Aristotle's reports (215 ff., 233 ff., 289 ff.). Wild is unable to prove his contention because he states the crucial Platonic theses from the beginning in Aristotelian terms (if not in scholastic or modern terms), and thus understands Plato's answers as answers to the questions not of Plato but of Aristotle; that is to say, he begs the question.

It is reasonable to suspect that Plato does not supply his readers with explicit or final answers to his most important questions; but this does not entitle one to insert into Plato's argument Aristotle's explicit and final answers, as Wild constantly does (199, 223, 225, 245, 267 ff., 287, 290 ff.), before one has carefully con-

sidered, and excluded by sound reasoning, the possibility that Plato's tentative answers point in an entirely different direction from that chosen by Aristotle. Wild has failed to consider that possibility. If one cannot leave it at what Plato explicitly said, one has to consider first of all, and with the utmost care, Aristotle's reports about Plato's teaching, which go considerably beyond the evidence supplied by Plato's writings. Wild barely alludes to those reports.

That Wild is seeking in a false direction for the answer to Plato's central question can perhaps most easily be seen from the following example. One of the few passages on which Wild bases his thesis regarding Plato's "dynamic ontology" is *Sophist*, 247 e, where "being" is tentatively defined as "power," although he considers that definition "an undeveloped suggestion" or "a sort of stopgap" (291 ff.). In interpreting the context of that passage ("criticism of materialism and idealism") he asserts that the "materialists" and "idealists" really tried to define being, whereas the "pluralists" and the "monists," whose views are discussed by Plato immediately before, "merely took being for granted as obvious" (285, 288). But Plato makes it quite clear that he considers the "pluralists" and the "monists" more exact than the "materialists" and the "idealists" (*Sophist*, 245 e6-8, 242 c4-6), that is, that he believes the two former groups to take less for granted than the two latter ones. Wild had to disregard this crucial information in order to enhance the significance of the tentative definition of being as power. The reason for Plato's statement is that, in his opinion, one does not raise the question of being at all if one does not raise it in terms of the question "one and many."<sup>23</sup>

<sup>23</sup> Fundamentally the same misunderstanding underlies Wild's assertion, allegedly based on *Statesman* 284 e to 285, that "in the lower arts which deal with physical things, . . . measurement takes a quantitative form, as in building and stone-cutting," whereas "in the higher arts, which deal with non-physical structures (as education for example), measurement is qualitative, and the work is measured by the 'mean,' the 'fit' . . . It is a great mistake to suppose that these latter arts are therefore less 'exact' than those subject to quantitative measurement" (47). Plato states explicitly that the art of weaving, nay, that all arts have to measure their

It would seem that in order to prove a basic agreement between Plato and Aristotle the most important thing to do would be to show that both admitted either the supremacy of theory or that of practice or morality. Wild, however, believes that there cannot be an unqualified supremacy of either: "the practical is the richer and more inclusive order, whereas the theoretical is the higher and more determining order" (25). This is neither the Platonic nor the Aristotelian view. If it is assumed that according to Plato wisdom is essentially practical (*phronesis*), or the idea of the good ("the highest object of learning") is essentially practical (30), it is necessary to say that according to Plato the practical order is the highest order. As concerns Aristotle, he leaves not the slightest doubt that theory, to him, is absolutely superior in dignity to practice, or that he regards the practical or moral order (25 ff.) as very far from including the theoretical order.<sup>24</sup>

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work by the mean or the fit (*Statesman*, 284 a5-b3 and d4-6), and that the art of building is more exact than music, the most important part of the art of education (*Philebus*, 56 c4-6; *Republic*, 376 e2-4).

<sup>24</sup> See *Nicomachean Ethics*, 1141 a18 ff., 1177 a17 ff., 1178 b7 ff. Since Wild's assertion that "wisdom or philosophy" must be "both theoretical and practical" (17, 76) is based largely on Thomas' *Summa theologiae*, one may also refer to the latter, 2,2 q.45 a.3 and q.19 a.7, where it is made clear that according to philosophy wisdom is purely theoretical, whereas according to theology wisdom is both theoretical and practical; and to 1,2 q.58 a.4-5, where it is made clear that moral virtue and wisdom (in the philosophic sense) are perfectly independent of each other.

Wild's assertion that the practical or moral order is more inclusive than the theoretical order would seem to be based on this syllogism: the practical order comprises all objects of action; but action consists of theory and of action proper; hence the practical order comprises all objects of theory and all objects of action proper (compare Wild, 23). Wild obviously mistakes theory as a way of life, which as such is an object of choice or action, for the objects of theory, which as such are not objects of choice or action. The same mistake underlies his assertion that according to Aristotle the theoretical order is higher than the practical order "since before we can devise adequate means to achieve an end, this end must be known" (17). The end meant in the Aristotelian passage to which Wild refers (*Nicomachean Ethics*, 1145 a7 ff.) is wisdom or theory as the end of human endeavor, that is, as true happiness, which as such belongs not to the theoretical but to the practical order (compare Thomas' commentary on the *Ethics*, 1, lect. 19). One may also say that Wild gratuitously assumes that all good things or all ends belong as such to the practical or moral order (23 n. 57; see *Nicomachean Ethics*, at the beginning, *Metaphysics*, 993 b20 ff., *De anima*, 433 a27-30).

According to Wild the practical order is characterized by contrariety, whereas the

Wild's "synthesis" of Platonism and Aristotelianism is based on a disregard of the real issue. Those scholars (Erich Frank for instance) who hold that there is a fundamental opposition between Plato and Aristotle assert that according to Aristotle not simply theory, but the theoretical or philosophic way of life, is fundamentally different from, and absolutely superior to, the practical way of life, whereas according to Plato the philosophic way of life is intrinsically practical or moral. Wild admits that they are right as regards Plato (39 ff.), and his more or less implicit attempt to disprove their contention regarding Aristotle has failed. The best one can say about his exposition is that it has left the controversy exactly as it was.

This is not to deny the validity of Wild's assertion that all the subjects treated thematically in Plato's writings are discussed from a practical point of view—in other words, that in discussing them Plato never loses sight of the elementary Socratic question of how one ought to live—whereas Aristotle's analyses have left that question far behind. He is equally right in describing Plato's practical procedure in such terms as "protreptic," "exoteric" or "maieutic," and by stressing the connection between Plato's practical approach and his use of images or myths.<sup>25</sup> But here again Wild's eagerness to arrive at "results" has prevented him from devoting sufficient attention to a most serious theoretical problem. He has not stopped to ponder the apparently overwhelming difficulty which is indicated most clearly by the term "exoteric." To put it simply, if the teaching of Plato's dialogues is exoteric, it is hard to see how one could ever get hold of Plato's esoteric or serious teaching. If one accepts the *Seventh Letter* as authentic, as Wild does (13), one has to go farther and say that Plato never wrote a book about the subjects with which he was seriously

theoretical order is beyond all contrariety (28, 31, 35). But theory as a habit has as much a contrary as any moral habit (28 n. 68), and not only "Plato's practical concepts," as Wild contends, but his theoretical ones as well (such as being and non-being, same and other, motion and rest, hard and soft, heavy and light) are divided into contraries.

<sup>25</sup> Wild, 6, 11, 16, 31 ff., 43, 74, 174, 205 ff., 291.

concerned, and that according to his most emphatic declaration no one who understands anything at all about these subjects—"nature's highest and first things"—would ever write on them (*Seventh Letter*, 341 b5 ff. and 344 d4-5). Since the meaning of any Platonic teaching decisively depends on his teaching concerning "nature," we thus seem to be led to the conclusion that no serious Platonic teaching is really accessible to us.

No one could state the difficulty more forcefully, and at the same time indicate the solution more unintentionally, than Professor Cherniss did in a recent comment on the passage to which I have just referred. He says: "For myself, I do not believe that Plato wrote [the *Seventh*] *Epistle*; but if I did, I should recognize that he has himself borne witness beforehand against anything which I might write about the real purport of his thought, and I should account it the madness born of stubborn insolence to seek to describe or even to discover the serious doctrine of a man who has condemned all those who ever have made the attempt or ever will."<sup>26</sup>

Cherniss fails to consider that according to the *Seventh Letter*, as well as according to the *Phaedrus*, no writing composed by a serious man can be quite serious,<sup>27</sup> and hence that the passage on which he bases his verdict must be understood with a grain of salt. The *Seventh Letter* does not condemn the attempt to discover the serious teaching, for since the latter is intended to be the true teaching, such condemnation would be tantamount to a condemnation of philosophy; the *Seventh Letter* merely denies that the serious teaching is communicable as other teachings are. Nor does it absolutely condemn the attempt to communicate the serious teaching in writing. The author of the *Seventh Letter*

<sup>26</sup> Harold Cherniss, *The Riddle of the Early Academy* (Berkeley 1945) p. 13. I am in full agreement with Cherniss' contention that the dialogues are the only solid basis for the understanding of Plato's teaching, and with his warning against "the easy error of mistaking general agreement [on the relative chronology of the three large groups into which all the dialogues can be distributed] for demonstration" (p. 4).

<sup>27</sup> *Seventh Letter*, 344 c3-7; *Phaedrus*, 276 d1-e3 and 277 e5 ff.

goes on to say that if the serious teaching were useful for human beings, he would consider it the most noble action of his life to communicate it in writing to "the many"; but, he says, the attempt would not be salutary for human beings, "save for some few who are capable of discovering [the serious teaching] by themselves by means of slight indication."<sup>28</sup> According to the *Seventh Letter* nothing would have prevented Plato from writing about the highest subjects in such a way as to give subtle hints to those for whom those hints would suffice, and thus not to communicate anything at all about the highest subjects to the large majority of readers. There is sufficient evidence in the dialogues to show that this was precisely what Plato did,<sup>29</sup> and thus that the dialogues have the function not of communicating but of intimating the most important truths to "some," while they have at the same time the much more obvious function of producing a salutary (civilizing, humanizing and cathartic) effect on all.

But it is one thing to try to discover Plato's serious teaching, and an entirely different thing to present one's interpretation of that teaching in writing or in any other public "speech." Cherniss is right in stressing the fact that according to the *Seventh Letter* Plato disowned beforehand any writing that would claim to present "the real purport of his thought." The *Seventh Letter* suggests that no one who, following Plato's indications, has understood his teaching would ever think of expounding it in public, because it would fill most readers with an unjustified contempt or else with a "lofty and vain expectation that they have learned some impressive things." It suggests, in other words, that no irresponsible man, or no one who would treat lightly a Platonic admonition, would ever succeed in understanding anything of Plato's serious teaching.

One does not need the evidence of the *Seventh Letter* in order

<sup>28</sup> *Seventh Letter*, 341 d2-e3. Compare *Phaedrus*, 275 d5-e3 and 276 a5-7, as well as *Protagoras*, 329 a, 343 b5, 347 e.

<sup>29</sup> *Republic*, 506 b8 to 507 a5, 509 c3-10, 517 b5-8, 533 a1-5; *Sophist*, 247 e5 to 248 a1, 254 c5-8; *Philebus*, 23 d9-e1; *Statesman*, 262 c4-7, 263 a, 284 c7-d2; *Timaeus*, 28 c3-5.

to see that Plato "prohibited" written expositions of his teaching. Since Plato refrained from presenting his most important teaching "with all clarity," the prohibition against written expositions of his teaching is self-enforcing: everyone who presents such an exposition becomes, to use a favorite Platonic expression, "ridiculous," inasmuch as he can easily be refuted and confounded by passages in the dialogues which contradict his exposition.<sup>30</sup> No interpretation of Plato's teaching can be proved fully by historical evidence. For the crucial part of his interpretation the interpreter has to fall back on his own resources: Plato does not relieve him of the responsibility for discovering the decisive part of the argument by himself. The undying controversy about the meaning of the idea of the good is a sufficiently clear sign of this. Who can say that he understands what Plato means by the idea of the good if he has not discovered by himself, though guided by Plato's hints, the exact or scientific argument which establishes the necessity and the precise character of that "idea," that is, the argument which alone would have satisfied Plato and which he refused to present to us in the *Republic* or anywhere else?

Plato composed his writings in such a way as to prevent for all time their use as authoritative texts. His dialogues supply us not so much with an answer to the riddle of being as with a most articulate "imitation" of that riddle. His teaching can never become the subject of indoctrination. In the last analysis his writings cannot be used for any purpose other than for philosophizing. In particular, no social order and no party which ever existed or which ever will exist can rightfully claim Plato as its patron.

This does not mean that the interpretation of Plato is essentially arbitrary. It means, on the contrary, that the rules of exactness

<sup>30</sup> Cherniss' interpretation, for example, culminates in the thesis that "no idea [is] ontologically prior or posterior to any other," and that Plato "could not in fact have thought of the world of ideas as such as a hierarchy at all" (53 ff.). This thesis manifestly contradicts the teaching of the *Republic*, according to which the idea of the good is the cause of all other ideas and rules over them (compare Cherniss' note on the idea of the good, on p. 98).

governing the interpretation of Plato's books are much stricter than those governing the interpretation of most books. Careful consideration of what various passages in the dialogues say about the character of good writings will gradually teach one, if this Platonic information is applied to one's reading of the dialogues, to get hold of very specific hermeneutic rules. The principle of these rules may tentatively be stated as follows: for presenting his teaching Plato uses not merely the "content" of his works (the speeches of his various characters) but also their "form" (the dialogic form in general, the particular form of each dialogue and of each section of it, the action, characters, names, places, times, situations and the like); an adequate understanding of the dialogues understands the "content" in the light of the "form." In other words, a much more careful consideration of the narrower and the wider context of each statement is required for the understanding of Plato's books than for the understanding of most books. An adequate understanding of the dialogues would enable the reader to discover the decisive indications of Plato's serious teaching. It would not supply him with ready-made answers to Plato's ultimate and most important questions.

Wild is in a way aware of the undogmatic character of the Platonic dialogues. Plato, he says, "specifically warns us against taking his own thoughts, least of all his own words, with any seriousness except as possible guides or 'reminders' of the real things in us and around us" (1). If we assume for the sake of convenience that this is a correct rendering of what the *Phaedrus* says about the deficiencies of writings as such, we will still have considerable difficulty in seeing how one can use Plato's thoughts as guides for the understanding of reality if one does not know these thoughts, and how one who is not a prophet (*Laws*, 634 e7 ff.) can know Plato's thoughts without listening to Plato's words. However this may be, Wild tends to take a statement about the deficiencies of writings as such—the statement of a man who has written his works with unsurpassed care—not as an indication of the fact that the dialogues are meant to remedy these deficiencies

as far as possible, and hence not as an admonition to read the dialogues with the utmost care, but as an encouragement to careless reading.

Thus Wild almost constantly divorces from their context the statements of Plato, or rather of Plato's characters, and integrates them into a whole that has no Platonic basis whatever.<sup>31</sup> He does not even take the quite ordinary precaution of refraining from ascribing to Plato views that are expressed not by Socrates or other "spokesmen" of Plato but by sophists like Protagoras (101 ff.). Very rarely if ever does he take the trouble of exhibiting to the reader the "ascent" from the popular views from which the discussion frequently starts to the less provisional views at which it arrives, and thus he is led to ascribe the same importance to statements which are of very different specific weights. Starting from the correct principle that we must interpret Plato's myths in terms of his philosophy, and not his philosophy in terms of his myths (180), but disregarding the relation between the "content" and the "form" of the dialogues, he is led to believe that we must interpret Plato's myths in terms of the non-mythical statements of Plato's characters. In other words, since he disregards what is implied by Plato's comparison of written or unwritten speeches with living beings (*Phaedrus*, 264 b3-e2)—the principle that in a good writing every part, however small, is necessary and nothing is superfluous—he tends to believe that the images or myths occurring in the dialogues are fully explained in the dialogues.<sup>32</sup>

For instance, in explaining the image of the cave in the begin-

<sup>31</sup> Apart from the examples mentioned elsewhere in this article, I would refer the reader to Wild's interpretation of *Philebus*, 34 c ff. (153 ff.).

<sup>32</sup> See pp. 150, 188 ff. Wild has failed to set forth clearly what he considers the function of the myths to be. According to one set of statements (180, 205 ff.) the myths are meant to lead the reader to the "formal analysis" of the subject that is mythically represented. Elsewhere (31 ff., 155 ff., 174, 179) he says that the myths are meant to suggest "historicity," which cannot be apprehended by "formal analysis." In another set of passages (73 ff., 123) he says that the myths are meant to supply us with "grounded opinions" concerning "the nature of the supreme principle, and the ultimate destiny of the soul."

ning of the seventh book of the *Republic*, he assumes that the four sections of that image correspond exactly to the four sections of the divided line to which Plato had shortly before compared the four kinds of apprehension.<sup>33</sup> He is thus prevented from grasping clearly the extent to which the image of the cave goes beyond the other statements of the *Republic*. To mention only the most obvious point, in the other statements of the *Republic* the stress is laid on the difference between sensible and intelligible objects, but the image of the cave shifts the emphasis to the difference between artificial and natural things: the cave-dwellers, that is, the non-philosophers, do not have any notion of "nature" and hence they do not even know artificial things as what they are; the artificial things as they understand them (that is, the objects of their conventional opinions, "the shadows of artificial things") are taken by them for the truth.<sup>34</sup> Led by the power of Plato's suggestions, Wild sees somehow that life in the cave is characterized by "social subjectivism" and "artificiality" (191 ff.). But by not realizing that this crucial information is part of the extent by which the myth goes beyond the non-mythical statements he fails both to see that the cave represents the city,<sup>35</sup> and to appre-

<sup>33</sup> See pp. 181 ff. The four parts of the "divided line" are: conjecture, conviction, reasoning, and intellectual perception. The four parts of the image of the cave are: the unperturbed life in the cave (to 515 c3), the momentary and ineffectual perturbation of that life (to 515 e5), the escape from the cave (to 516 e2), and the descent to the cave (to 517 a7). Wild is compelled by his assumption to regard the second part of the cave image as the description of an "ascent" (183 ff., 196), that is, of an actual disenchantment, whereas according to Plato no disenchantment whatever can take place within the cave: there the suspicion of "nature" is suppressed (or completely distorted) by him who has that suspicion. The dramatic presentation of this stage is "Callicles" (see especially the use that he makes of "nature" in his "philosophic" exposition, *Gorgias*, 482 c4 ff.). As regards the correspondence between "reasoning" and "escape from the cave," and its implication, it should be noted that in the image of the cave the highest stage is not the "seeing" of the sun (the intellectual perception of the idea of the good) but the "reasoning" about the sun (516 b8 ff. and 517 c1 ff.).

<sup>34</sup> This, I think, is the clue to the passage about the ideas of artificial things in the tenth book of the *Republic*.

<sup>35</sup> See (apart from the "wall" in 514 b4) the almost explicit statement in 539 e2-5 (compare 479 d3-5, 517 d8 ff., 520 c, 538 c6-d4 and e5-6). Note too the "political" form of the image of the cave in the "political" part of the *Republic* (414 d2 ff.).

ciate the specific weight of that information. The final result is lack of clarity about Plato's view of the relation between philosophy and politics.

## IV

Modern writers who do not sufficiently reflect on the essential traits of modern thought are bound to modernize, and thus to distort, the thought of the classics. Accordingly, Wild understands Plato's political philosophy as a "realistic philosophy of culture." He quotes with approval the remark of a scholar that Thomas Aquinas "wrote no special treatise on the subject of culture," and that "he does not use the word at all in its modern connotation" (7). But he does not wonder whether exactly the same remark does not apply to Plato.

The "philosophy of culture" was an outgrowth of German idealism, and "culture" as a philosophic term implied a fundamental distinction between "culture" as the realm of freedom and "creativity," and "nature" as the realm of necessity; it implied the denial of natural norms of "cultural" activity. Plato, on the other hand, was primarily concerned with discovering "the natural order which must guide men's endeavors" (Wild, v). The historical root of our concept of "culture" is the fundamental change in the meaning of "nature" which became visible in the seventeenth century, and particularly in Hobbes' concept of "the state of nature." According not only to Plato and Aristotle but to "the sophists" as well, the natural was what may loosely be called the ideal, but since the seventeenth century it has come to mean what one implies when speaking of the "control" or the "conquest" of nature, in other words, what man's rational efforts have to be directed against. Wild is so unaware of this fundamental difference that he can speak of "the Callicles-Hobbesian state of nature" (95).

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The political character of the cave is also indicated by the fact that the only natural beings whose shadows are seen by the cave-dwellers are human beings (515 a5-8); for the interpretation compare *Theaetetus*, 174 a8 ff. and 175 b9 ff.

By understanding Plato's political teaching in terms of "culture" he is naturally led to impute to Plato the view that there is such a thing as "scientific control over nature" (253) and that the arts or crafts serve the purpose of achieving "rational control, so far as this is possible, over each phase of human and subhuman nature" (88, 46, 54).<sup>36</sup> Possibly feeling the inadequacy of the term "culture," but obviously not sufficiently concerned with clarity about the central subject of his book, he cannot make up his mind whether "culture" is identical with "the technical hierarchy," and is thus fundamentally different from "life," as he says in one set of passages (88, 135), or whether it is identical with the "great practical order" as a whole, and thus comprises all sound human activities, as he suggests in another set of passages (46, vi, 33 ff., 43 ff.).<sup>37</sup> In view of the connection that modern philosophy has gradually established between "culture" and "history," it is not surprising that Wild, moved by the spirit not of Plato but of Marx,<sup>38</sup> Heidegger and God knows whom, speaks of "systematic anticipation of the future," the "historic nature of [the] transcendental inversion" and so on (29, 119, 165, 174, 179).

What is true of "culture" applies equally to the "realism," or more specifically the "hardheaded realism" (v), which Wild ascribes to Plato. If one wished to use a slogan that would indicate in not too misleading a fashion the intention of the greatest modern critics of classical political philosophy (such as Machiavelli, Hobbes, Spinoza, Locke, Rousseau, the *Federalist*) one

<sup>36</sup> For the Platonic view of the relation between nature and art see especially *Republic*, 341 d7-e.

<sup>37</sup> Accordingly, in the only passage in which he explains what he understands by "philosophy of culture," he says first that it is "a branch of political philosophy, a division of ethics," and immediately thereafter suggests that it is identical with the "complete practical philosophy" (6; compare 42).

<sup>38</sup> See Wild (62): "As true technical control is gained over the human environment, these forcible makeshifts [the use of military force or secret power over men] will wither away." That this view is diametrically opposed to the Platonic view appears most clearly from *Theaetetus*, 176 a3-b1. On the other hand, the Marxian "dogma that all war is of economic origin" is not so much opposed to Plato's view as Wild believes (97 n.27); see *Phaedo*, 66 c5-8, and *Republic*, 372 d7 to 374 a2.

would have to say that they oppose to the "idealistic" doctrine of antiquity and the Middle Ages a "realistic" one. Divorced from any analysis as it is in Wild's presentation, the praise of political "realism" merely expresses the already "historical" fact that "idealism" has ceased to be the ruling fashion.

The political significance of the "realistic" political philosophy of the modern era, which refuses to take its bearings by "transcendent" standards, consists in the fact that it raises the status of man, that is, of every man, and thus for the first time supplies a philosophic basis for aspirations toward democracy, more precisely toward liberal democracy. This fact must be faced squarely by anyone who wishes to restore Plato's teaching in accordance with "the living aspirations of our time" (8).

In the spirit of his identification of modern thought with sophistry Wild identifies the social-contract doctrines of "social materialists . . . like Callicles and Glaucon" with "the famous social-contract theory which has played such an important role in modern political thought" (93 ff.). In doing so he overlooks the fact that the views of Callicles, as well as those of Plato and Aristotle, presuppose a natural inequality of men, whereas the famous "social-contract theorists" of modern times assume a natural equality of all men, or at least the irrelevance for natural right of men's natural inequality.

In fact, Wild is practically silent on the grave question of equality, about which Plato had so much to say. And yet, as he indicates in his preface, Wild turns to the classics because he believes that "our democratic way of life" is based on the classical view of human nature, whereas communism and national socialism are derived from German idealism. He turns to Plato in particular because he is afraid of the "reactionary drift of historic Aristotelianism" (vi, 7 ff.).

Plato, according to Wild's contention, recognized the superiority of the individual to society or the state, and "the recognition of this basic fact by Plato and by classical philosophy in general has been responsible for that respect which has been commonly

accorded to the human individual throughout the course of Western culture, at least until modern times." From Plato we can learn "what is the basis of individual rights," but modern philosophy is "anti-personal" and thus leads to "a contempt for the individual bearer of [the] rational faculty." The modern view, in other words, is said to lead to "a theory of the totalitarian state," "where, to quote Hegel, 'Staatsmacht, Religion und die Principien der Philosophie zusammenfallen'" (123 ff., 2, vi, 132-36, 158).

If one does not know it at once one merely has to take the trouble of reading the context from which Wild's quotation is taken, in order to see that Hegel merely rephrases Plato's statement according to which political misery will not cease until philosophy and political power coincide, and that the reason for his rephrasing it is his awareness of the absence from Plato's thought of the principle of "subjective freedom," that is, of the "Protestant conscience." Hegel is so far from being a "totalitarian" that he rejects Plato's political philosophy precisely because he considers it "totalitarian." Plato, he asserts, did not know the idea of freedom, an outgrowth of the Christian doctrine that "the individual *as such* has an infinite value"; according to Plato man is free only in so far as he is a philosopher.<sup>39</sup> Whatever may have to be said about Hegel's attempt to trace to Christianity the idea of the freedom of the individual, or of the rights of man, he saw with unsurpassed clarity that when Plato indicates the absolute superiority of "the individual" to society or the state, he does not mean every individual, but only the philosopher.

Wild's wish to make Plato out to be something like a political liberal leads him to assert that according to Plato "all men are

<sup>39</sup> *Encyclopädie*, §§ 552 and 482. Respect for every man as bearer of the rational faculty is, of course, Kantian rather than Platonic or Aristotelian. No one has a right to speak of the implicit "abolition" of slavery in the *Republic* (Wild, 107 n.63) if he does not at the same time, and much more emphatically, speak of Plato's explicit abolition of the family (about which Wild is completely silent); the former is inseparable from the latter.

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philosophers," or wisdom "is accessible to all" (275, 108), although Plato does not tire of saying that no one can become a philosopher who does not have specific natural gifts, and that philosophic natures are extremely rare.<sup>40</sup> The only text that Wild adduces to prove what is perhaps his most "original theory" is a passage in the *Protagoras* which he reads: "every living member of a living community, by his daily thoughts, is a practitioner of the art of philosophy" (101 ff.). Since that passage is part of a speech of the sophist Protagoras, Wild unwittingly characterizes as sophistic the view that he attributes to Plato, and thus possibly makes an approach to the Platonic view in a somewhat un-Platonic manner.<sup>41</sup>

If one accepts the Platonic theses that wisdom constitutes the only absolutely valid title to rule, or to participate in ruling (111), and that wisdom (which is virtue in the strict sense) requires certain very rare natural gifts, one is driven to admit that the natural inequality among men as regards intellectual gifts is politically decisive, that is, that democracy is against natural right. To reconcile his democratic convictions with his Platonism Wild is compelled to assert that the translation of *aristokratia* by "aristocracy" is "thoughtless," and that "Plato's *Republic* is a 'classless society'" in which "all phases or parts of the state are ruled by wisdom which belongs to no special individual or group."<sup>42</sup> Is it necessary to mention that in Plato's perfect city only the philosophers, an extremely small group, if not just one man, have the right to rule, a right absolutely independent of popular consent, to say nothing of popular control? As regards the "classless" character of Plato's perfect city, it suffices to remark that Plato calls its three parts, one of which is the philosophers, "races" (or

<sup>40</sup> *Republic*, 428 d11 to 429 a4, 476 b10-c1, 491 a8-b5, 495 a10-b2, 503 b7-d12; *Timaeus*, 51 e; *Seventh Letter*, 343 e to 344 a.

<sup>41</sup> Compare *Theaetetus*, 180 c7-d7, with *Protagoras*, 316 d3 to 317 b6.

<sup>42</sup> Wild, 107. In a footnote he adds: "Thus the number of guardians is a matter of indifference. They may be 'one or many.'" The word that Wild renders as "many" means in the context "more (than one)"; compare *Republic*, 487 a, 503 b7-d12.

"classes") and "nations" (or "tribes"), and membership in the various different classes is explicitly said to be, as a rule, hereditary.<sup>43</sup>

Wild simply substitutes for Plato's rule of philosophers, that is, of a specific type of men, the "rule" of philosophy, that is, the "rule" of popularized philosophy or science over the minds of the whole citizen-body. Because of his failure to try to understand modern philosophy he is blind to the fundamental difference between the "aristocratic" concept of philosophy or science, which is characteristic of classical philosophy and is irreconcilable with the idea of popular enlightenment, and the "democratic" concept, which emerged first through the efforts of men like Bacon, Descartes and Hobbes<sup>44</sup> and is the philosophic basis of popular enlightenment or of the revolutionizing influence of philosophy on society as a whole.

If all men are potential philosophers there can be no doubt as to the natural harmony between philosophy and politics which is

<sup>43</sup> *Republic*, 415 a7-b1, 420 b7, 428 e7, 460 c6, 466 a5, 577 a1 and b3; *Timaeus*, 17 c7; *Critias*, 110 c3. Note especially *Timaeus*, 24 a-b and 25 e, on the kinship between Plato's perfect order and the Egyptian caste system. For the interpretation of *Republic*, 415 a7-b1, see *Cratylus*, 394 a-d, and Aristotle, *Politics*, 1255 a40 ff.

<sup>44</sup> Bacon, *Novum Organum*, I 122; Descartes, *Discours de la méthode*, I, at the beginning; Hobbes, *Leviathan*, chs. 13 and 15, and *Elements of Law*, I ch. 10 § 8; Kant, *Zum ewigen Frieden*, Zusatz 2 (compare Julius Ebbinghaus, *Zu Deutschlands Schicksalswende*, Frankfurt a.M. 1946, 27 ff.); Hegel, *Phänomenologie des Geistes*, Vorrede (ed. by Lasson, 2nd ed., p. 10), and *Rechtsphilosophie*, Vorrede (ed. by Gans, 3rd ed., p. 13). In regard to Hobbes' "paulatim eruditur vulgus" compare Luther's "der gemeine Mann wird verständig" (*Von weltlicher Oberkeit*). Wild's mistaking the philosopher for every man seems to be due to the apparent ambiguity of what Plato says about the relation between education and the political or legislative art (67): Plato "seems hardly to have made up his mind as to which really directs the other" (66). Wild solves the difficulty for Plato by asserting, on the one hand, that "statesmanship attends rationally to all the non-rational needs of the human flock" and "education attends rationally to the specifically rational needs of the rational animal" (68), and, on the other, that Plato's state is a theocracy which does not admit of a separation between church and state (109 ff., 117, 122) and hence obviously attends to "the rational needs of the rational animal." Plato has solved the difficulty in the *Republic*, whose subject is precisely the relation between education and politics, by distinguishing two kinds of education (522 a2-b3), the education of all, and the education of potential philosophers.

presupposed by the idea of popular enlightenment. Regardless of his attitude to popular enlightenment, Plato would have believed in such a harmony if he had held, as Wild thinks he did, that it is of the essence of the philosopher, who as such has left the "cave" of political life, again to descend to it.<sup>45</sup> But according to the *Republic*, in which Plato treated this subject more comprehensively than anywhere else, the philosopher's "descent" is due to compulsion or force, and this kind of compulsion is legitimate only in the perfect social order: in an imperfect society the philosopher is not likely to engage in political activity of any kind, but will rather lead a life of privacy.<sup>46</sup>

If the question whether there is a natural harmony between philosophy and politics is stated in Platonic terms, the answer is likely to depend, for all practical purposes, on whether one believes that the actualization of the perfect order is "normal" or an improbable possibility. Plato certainly accepted the second alternative, as Wild admits (108). The ultimate answer will depend on how one judges of the possibility of its actualization, regardless of considerations of probability. The end of the seventh book of the *Republic* leaves hardly any doubt as to Plato's denial of that possibility.

However this may be, the question can be settled *ad hominem* as follows. According to Plato's repeated assertion, the perfect order cannot become actual if the ruling philosophers do not possess direct and adequate knowledge of the idea of the good, and Wild suggests that such knowledge is not possible.<sup>47</sup> Since

<sup>45</sup> Wild, 180, 273 ff., 123, 136. For a rather divergent statement see 160.

<sup>46</sup> *Republic*, 519 b7 to 520 c3, 592 a7-b6, 496 c5-e2. According to Wild, *Republic* 518 a-b5 teaches that ascent and descent are of the essence of the philosopher, as distinguished from the sophist, who "does not move at all." In that passage Plato attributes descent and ascent to two different types. Wild's statement that the sophist "does not move at all and suffers no real confusion" (274) is contradicted not only by Plato's presentations of sophists and by *Sophist* 254 a4 (quoted by Wild in the same context), but by Wild's own repeated statements that the philosopher and the sophist "are moving in opposite directions" (305 ff., 240, 254, 294; the italics are Wild's).

<sup>47</sup> Wild, 175 ff., 188, 203, 30, 74, 143. See especially *Republic*, 505 a4-b1 (compare 504 c1-4) and 516 b4-8, 532 a7-b3.

the philosopher's descent to the "cave" is supposed to take place after he has achieved direct and adequate knowledge of the idea of the good, it follows from Wild's suggestion that that descent can never take place: the philosopher will have to devote himself throughout his life to the unfinished and unfinishable task of philosophy. While Wild's suggestion is contradicted by numerous passages in the *Republic*, it would seem to be supported by the *Phaedo*, to which he refers.<sup>48</sup> One could explain the difference between the teachings of the two dialogues by the difference between their conversational settings, and a case could be made for the view that the setting of the *Phaedo* allows of a more "realistic" presentation of philosophy than does that of the *Republic*.<sup>49</sup>

One would grossly misunderstand Wild's intentions if one were to draw the conclusion that he is on the verge of transcending the "political" interpretation of Plato's philosophy. His admission that philosophy has an essentially fragmentary character is merely the prelude to a suggestion that philosophy must be subordinated to theology.<sup>50</sup> Only on the basis of this suggestion can he maintain within the Platonic framework the natural harmony

<sup>48</sup> Wild, 143, 188. Compare *Phaedo*, 99 c8-e1, with *Republic*, 516 b4-8. See *Laws*, 897 d8-e1, and 898 dg ff.

<sup>49</sup> The *Republic*, one could say, is deliberately "utopian," not merely regarding politics but likewise regarding philosophy: the citizens and rulers that it envisages are "gods or sons of gods" (*Laws*, 739 d6). But whereas the political utopia cannot guide political action (except in the vague sense of "inspiring" it), the philosophic utopia can and must guide philosophic "action." In other words, whereas there are no examples of a genuine "political order" (compare *Statesman*, 293 c5-7), there are a number of examples of genuine philosophers. The *Phaedo* also throws light on Wild's assertion regarding the reason why the philosopher must "descend." The philosopher, he says, "is bound by the ties of nature to his fellow prisoners in the Cave" (273 ff.). The *Phaedo*, however, shows how little Socrates was bound by any ties to his nearest relatives, to Xantippe and his children (60 a). Note also the somewhat divergent remarks of the *Phaedo* and the *Republic* about war (see note 38 above).

<sup>50</sup> This is the implication of the following statement: "Thus [that is, on the basis of a certain confusion] theology will be interpreted in terms of philosophy, philosophy in terms of science, and science will be operationally interpreted in terms of technical procedure" (200). See also 77.

between philosophy and politics and at the same time deny the possibility of direct and adequate knowledge of "the supreme principle"; for what cannot be achieved by philosophy left to itself may be achieved by philosophy illumined by theology. Divine revelation, and not philosophy, supplies that sufficient knowledge of the idea of the good which is indispensable for the actualization of the perfect social order.

It is by making this tacit assumption that Wild finds an example of Plato's perfect city in the early Apostolic church, in which "one and the same wisdom . . . demands . . . the subordination of all the vital activities of the general body to the general doctrinal plan, formulated and guarded by the great councils, maintained and enforced by the schools and administrative offices of the Church" (108). We need not dwell on Wild's notion of "the Platonic-Christian state," which he also calls the "rational or Platonic state" (116 ff.). It goes without saying that there is no place in Plato's teaching for a theology that "lays down certain specifications which determine the general form of philosophy" (77), and that Wild is somewhat nearer to Plato when he designates as mythology what in his own language would be theology (73 ff., 203). Not without good reason did Plato replace the Egyptian rule of priests by his rule of philosophers.

One may add that according to Wild the only example of a perfect social order was of rather short duration. He asserts a parallelism between the decline of Plato's aristocracy first into timocracy and then into oligarchy and the decline of the early church first into post-Constantinian Catholicism and then into modern life, with its fundamental principle of the separation of church and state. If Wild still believes in the natural harmony between philosophy and politics, this can be due only to his anticipation of an early transformation of our present "anarchy (democracy)" into "the Platonic-Christian state" (109 ff., 117). One is left wondering with what right he can oppose Maritain's assertion that "only religion can save man from totalitarianism" and quietly state that "this theory simply does not accord with

the facts" (9). The only explanation of which I can think is that he was for a moment dazzled, if not enlightened, by the flame of philosophy.

## v

One can imagine a man writing a book on the political problem of our time in the guise of a book on Plato's political philosophy. While it would be a very bad book if regarded as an interpretation of Plato, it might be excellent as a guide amidst the perplexities of our age. Wild almost promises such a book by demanding that we "try to translate Plato's social vocabulary into living terms, and exemplify his discussion by familiar modern examples, subordinating literal, 'historical' accuracy to philosophical exactitude" (106 ff.).

We have seen that Wild claims to look at the crucial political issue of our time from the point of view of a "progressive" interpretation of the American "democratic way of life." By imputing, rightly or wrongly, his own antifascist views to Plato he obviously wishes to counteract the misuse of Plato's teaching by fascists, and thus to deprive fascism of one of its strongest "ideological" weapons. He holds that only so-called scholars could interpret "the *Republic* as an 'aristocracy,'" and that "this favorite fallacy of German nineteenth-century scholarship," which "has now become fashionable in America," underlies the interpretation of the *Republic* as the "original philosophical charter of Fascism" (116, 107). We shall have to consider briefly how a man who is obviously a real scholar, who has obviously acquired by signal achievements the moral right to call the great historians and philologists of nineteenth-century Germany so-called scholars, and who, in addition, has put on the armor of "philosophical exactitude"—how such a man saves democracy and crushes fascism.

He suggests that "the root conception of fascist political thought" is the denial of "the supremacy of the legislative branch over the executive," a denial prepared by the use of "the very words 'sovereign,' 'leader,' and even 'executive'" (100, 104). To

mention only one of a host of objections that must be obvious to everyone, Wild's suggestion is a very poor defense of democracy because, as every schoolboy knows, the legislative power may be vested in one or a few, as well as in all or the representatives of all. Wild says too little, that is, nothing that is not completely vague, about popular influence on the legislative branch, and he says too much, that is, contradictory things, about the relation between "the legislative process" and "wisdom" (103, 106). In a sense more serious is what follows from his suggestion regarding the relation between Plato and fascism. If the denial of the supremacy of the legislative branch is fascism, or comes dangerously close to fascism, certainly the author of the *Statesman*, who as a matter of principle denied the very necessity of laws, to say nothing of a legislative branch of government, would be one of the most outstanding forerunners of fascism. At any rate, neither Plato nor Aristotle could even dream of competing with John Locke as unambiguous and unreserved defenders of the supremacy of the legislative branch as such.

Wild makes a distinction between "what we mean by 'democracy' today" and actual democracy (111-17): "What we mean by 'democracy' today is movement in the direction away from" fascism; actual democracy is something between oligarchy (rule by "those higher up in the productive hierarchy") and anarchy ("the conquest of individualistic consumption over productive order"). The only salvation is some form of socialism. But "socialism in actual practice must be transformed into some form of authoritarianism, Christian socialism or State socialism, or into some form of tyranny such as so-called national socialism" (113). "State socialism," which is apparently the same as "socialism proper," is rejected because it is "materialistic" and attempts "to make every man a drone" (113). Hence the final alternative is "some rational authoritarianism, either Christian socialism or Nazi socialism, either control by rational authority or control by irrational authority" (117). Thus national socialism, as distinguished from socialism proper, which apparently has to be classi-

fied as irrational authoritarianism, finally acquires the status of rational authoritarianism. The reason is stated by Wild with unusual clarity: "Anarchy (democracy) can proceed no farther. . . . Our great democracies must go one way or the other. *Order must be achieved.* . . . There is no longer any way of postponing the choice," which is the choice between Christian socialism and national socialism (117; italics mine). One cannot demand more emphatically that democracy be abandoned at once in favor of one of the two forms of "rational authoritarianism"—Christian socialism or national socialism.

This demand accords very well with the following diagnosis of fascism. In their fight against the "parasitic 'political bosses'" (presumably the union leaders) "those higher up in the productive hierarchy" (that "'orderly class'" to which "such traces of law and order as still remain belong"), or "the orderly rich," are "forced to band together for defense against the encroachments of 'democracy.'" If they succeed, they will set up a Fascist regime of law and order, accentuating the traditional hierarchies of the state, and ruthlessly suppressing all 'democracy.' The only other possibility is that a political genius or stinging drone may 'protect' the people from such a class revolution and become an absolute dictator" (115).

I do not for a moment believe that Wild intends to preach fascism or national socialism. In the same breath in which he makes the statements quoted in the preceding paragraphs he says that "even the anarchy of pure 'democracy' is preferable" to fascism, and that "the tyrannical state" is "the lowest depth to which human life can sink" (116 ff.). In the language of the prophet in the tenth book of the *Republic*, Wild can rightly say to those who are tempted by his statements to choose national socialism in preference to democracy, or democracy in preference to national socialism: "the responsibility is with the chooser, Wild has no responsibility." I have not the slightest doubt that what he says about the issue of democracy versus fascism is the outcome of that same "philosophical exactitude" which characterizes his

whole work, or of that "insolent assertiveness of transitory conjecture" which he ascribes to "democratic man" (165).

A man who claims to be a Platonist, and who publishes in this country at this time a book on Plato's political philosophy, bears more than the ordinary responsibility that is borne by every writer. Wild has not merely grossly failed to give a not too grossly misleading picture of Plato's views, and especially of his political views; he has also supplied the numerous enemies of Plato and of Platonic studies with the strongest weapon for which they could wish. Someone had to write something like the present article in order that the question which underlies Wild's book, but which has never been a question for him, be prevented, as far as this is possible or necessary, from suffering the same fate that his book so richly deserves.

# THE PHILOSOPHER OF HISTORY AND THE MODERN STATESMAN<sup>1</sup>

BY KURT RIEZLER

**H**ow to confront the two, the philosopher of history and the modern statesman? In actual life the philosopher of history and the statesman are not too willing to listen to each other—now less than ever, as ours is a time in which action tends to be thoughtless and thought inactive. Furthermore, we use both terms in a loose and flickering sense. Hence both the philosopher of history and the statesman are ambiguous animals.

Since it is dubious both what they are and should be, I shall take the liberty of a somewhat queer procedure. I shall first eliminate step by step a few types of both philosophers and statesmen—those who have nothing to say or had better not listen to each other—thus working my way upward to the real statesman and the real philosopher of history, intent on showing that they alone will be desirous and capable of listening to each other. They alone will have something worth while to say to each other, and thus by this very desire, capacity and worth may define each other mutually as the true philosopher and the real statesman.

The first I discard is the methodologist of scientific historiography whom many call nowadays philosopher of history, philosophy being nothing but the epistemology of science. This elimination raises no problem. He is a modest fellow and does not claim to be listened to by any statesman.

The second I discard is the politician proper. He is not quite so modest, though he has little to say to which any philosopher would listen, or should listen. I will try to identify him in a few words.

He is the puppet of history, not its maker except by default or

<sup>1</sup> Public lecture delivered at the meeting of the American Philosophical Association, Western Division, May 10, 1946, University of Chicago.

accident. He merely plays a well known game, maneuvering from one short-lived smartness to the next, swimming now with this now with that current, to come to or to remain in power. He may be smart and yet equally stupid. If he is entrusted with the task of the statesman and called upon to shape the future of a nation he usually finds himself, after a time of clever maneuvering, caught or hopelessly entangled in the consequences of his own actions; even in the case of glamorous successes he may end up with the opposite of the aim which he or his nation intended to pursue, or of the principles he proclaimed. His foreign policy will be a manipulation of domestically expedient slogans, stereotypes and emotions. Nations whose political leaders compete in that kind of smartness will inevitably land together in a situation where forces that can be unleashed, but once released no longer controlled, lead, blindly interacting, from war to war into deeper and deeper misery.

This kind of politician I discard; he may claim to be but he is not the statesman. But since the statesman cannot come to or remain in power without being also a clever politician, the skilful politician, after some success on perishable paper, poses as statesman.

The next I must discard is a type of philosopher of history properly to be called the metaphysician of history. He is as arrogant as the methodologist is humble. He claims to be the only one to whom the statesman should listen. Thus he is not so quickly discarded. His concern is with the meaning of the historical process as extended in time. He interprets universal history as unity of a plot. He fancies that he knows its meaning. He pretends to be able to declare it; he usurps the throne of God and behaves as a divine observer outside history. Though his respect for evidence is but small, he can be a forceful mind of great speculative power and he may lay his hands on the thought of a century.

Though the great representatives of this philosophy of history belong to the nineteenth century, the modern statesman will meet

his power in the mind of contemporary man. The historian may spurn his speculative constructions, history itself may refute him—yet these constructions are a response to a longing, deeply rooted in the uneasy soul of modern man.

Man, the ephemeral being, craves to think of the sweat and sorrow of his few days as imbedded in a process that carries the past into the future upwards toward a goal of ultimate meaning—by an inherent necessity. As the power of religion fades and (in the mass society of our own days) God and Providence evaporate behind a thin veil of words, the metaphysician of history fills a void: his constructions of the historical process become the raw material of the secularized religions we call ideologies. Most of these modern ideologies are pseudo-scientific interpretations of universal history; man sees his present as a link in a chain of a benevolent destiny which leads humanity, or at least his own nation as the chosen representative of humanity, toward some ultimate promise. The arrogance of a pretended knowledge is called upon to replace the humble reference to an inscrutable will. And yet it can never play its role in the soul of man—for two reasons: first, providence known is no longer providence; second, the goodness and badness of man's actions become functional—they depend on the pretended future, to which they are thought to lead. The immediate relation of each moment to a god, the direct reference to an eternal judge, is discarded.

Despite these differences the ideology, like religion, is hope and belief; it protects, consoles, strengthens endurance and becomes a historical force of first magnitude and an instrument of power. Industrial man has conquered nature. She is no longer the power on which everyone's destiny hinges. This power is society. Society, however, is manmade. The same man who patiently bends to nature will not be so patient if, in an industrial society whose complexity he cannot grasp, he is to endure manmade poverty in a nature of potential plenty. Thus an ultimate promise and a law of history are called upon by victorious revolutions to delay the outbreak of man's impatience and thus to decrease the

necessary amount, and to facilitate the task, of naked coercion by a secret police.

The modern statesman meets the power of such ideologies in many and complex ways—on the domestic scene, in the international field and maybe in his own soul. The original philosophies of history of great speculative minds have undergone a thorough change. The modern simplifiers and manipulators of mass movements have shaped and reshaped highly sophisticated theoretical bodies into systems of magic formulas of dubious meanings, to be waved as flags fitting the political purpose of the revolutionary movements. The philosopher of history himself would hardly recognize his original thought in the final product. Hegel would certainly scorn and spurn Marx, Marx the philosopher might even repudiate Marx the revolutionary leader, and each of the two Marxes might object to Lenin and Lenin to Stalin. History, however, cares but little; it shoves aside the real Hegel and the real Marx, without pity or respect, and upholds Stalin for a while at the top of the world.

In this process of simplification thought and action strangely intermingle. The revolutionary leader who forges an expedient instrument of power is usually the first victim of his own propaganda. Most propagandists are. To be efficient they indoctrinate first themselves. Even our propagandists do—and do not notice it.

The modern statesman of a still free society, trusting the power of reasonable discourse based on evidence, wonders at the tenacity of these mere constructions—even when they are not supported, as in the totalitarian states, by a joint monopoly of propaganda, violence and modern technology. Reasons and historical evidence to the contrary matter but little. Most of these constructions provide means and devices that can be used for explaining away any such evidence.

One of these devices is the “cunning of reason”—that *List der Vernunft* which accounts for all aberrations, detours or round-about ways that the *Weltgeist* chooses to use; even the atomic

bomb can be interpreted as *List der Vernunft*. In our own days the *List der Vernunft* has been replaced by the "period of transition." Though toiling humanity has lived since Adam's fall in a perpetual "period of transition" there appear, in the dubious constructions of the metaphysician of history, special periods of transition, connecting the phases in which the universal process is articulated. These transition periods are called upon to justify whatever acts, devices and policies do not fit the scheme. These were "the inevitable measures of transition" of the late Bucharin—until he himself fell victim to such an "inevitable measure." There is the secret police of the total state, which leads the bourgeois society into the stateless and policeless society of the future. The period of transition, an expedient excuse, both moral and intellectual, justifies the means and delays the promises; thus the revolutionary leader, unable to renounce those means or to fulfil those promises, goes on forever acting in a period of transition.

While the modern statesman in a still free society meets the power of a bygone philosophy of history in the ideologies of revolutionary movements and totalitarian states, he meets at home—in the most peaceful and complacent parts of his own society—another philosophy of history or its remnants, less visible, less noisy, but by no means less dangerous. It is but a specific kind of the philosophy of progress—the belief in an automatic progress as a law of the historical process as such, brought about not by man's actions and intentions but by a law of evolution—that "superficial notion" which in the words of T. S. Eliot "becomes in the popular mind a means of disowning the past." It leads to the strange but cheerful assumption that things after all cannot go wrong fundamentally and ultimately.

This mostly half-conscious assumption cuts across the usual division of "reactionaries" and "progressives." It can be made by both. Disturbances are discarded as short-range events. It is taken for granted that the long-range trend is progressive. This belief may no longer be, or deserve the honorable name of, a

philosophy of history. It too has long ago forgotten its respectable ancestors and their arguments. What remains is hardly more than a broad generalization assuming that man's increasing power over nature implies an increasing power of reason over man—a wrong conclusion contradicted by more and more evidence, yet suggested by wishful thinking and subconsciously supported by the weight of economic theory in which, according to Adam Smith, "man is led by an invisible hand to promote an end which was not part of his intention." In an era and society to which economic life seemed to be the whole of life, the notion of a self-regulating process of the market under the ideal case of perfect competition was subconsciously generalized and transferred to the political process. It fitted and supported the smugness that takes the future of the society for granted, even if not part of any intentions, and served as excuse and mental background to that cheerful ease in which the ever smiling politician plays the political game this or that way, enjoying his smartness and entrusting the final outcome to an inherent law of progress.

I finally dismiss the metaphysician of history—despite his pretension. Though his relations to the statesman in concrete history are manifold and complex, he is not the kind of philosopher who deserves to be listened to by the real statesman. After all, philosophy is or should be concerned with reality and not with mere constructions, however lofty. I turn to the real philosopher of history, who is not a metaphysician of history, and to the real statesman, who is not a mere politician. But who are they? Where do they meet?

The statesman acts. He cannot escape deciding—he must either release or not release the atomic bomb. Even at its best his knowledge of the factors and forces working in the field is limited. Any decision opens one door and shuts another. Some of his decisions decide the future of his nation one way or the other. He acts. The deed once done cannot be undone. He cannot take it back. The bomb is released. The actions of others, the concatenation of events, probable or improbable, never entirely fore-

seen or foreseeable, take a hand, whirl his actions around and play with their consequences a cruel or benevolent game.

This is the fundamental situation of the acting man—here history is concrete. This situation, not the meaning of a universal process, constitutes history as history. It is its flesh and blood. In this situation, submitting to its inherent persuasive force, the statesman has a natural philosophy of history of his own. He may not be aware of it; he may rationalize it in terms of whatever philosophy he happens to have inherited, and in doing this he may be utterly inconsistent. The fundamental situation of acting as acting sways his heart, whatever his words may be. In this natural philosophy he looks at the future as not only unknown but still undecided. Much is pre-decided by the forces and factors working in the field—but they only limit the frame of action. Possibilities though limited are still open, even for the improbable. Their range is now wider, now narrower. There are moments when their range seems to narrow to zero and necessity sways the hour—such moments pass, the future is wide open again. The distribution of probabilities, their numerical values, change. This distribution is twofold—in the reality itself and in relation to his restricted knowledge.

At any rate, the present as the moment of decision separates a past that is decided from a future yet undecided—thus defining past and future as different modes of Being. This present, the moment of decision, marches on—mercilessly, without rest or respite, and carries with it and changes the wavering shadows which a waning memory throws on dimly glowing expectations. However great the impact of the past on the future, the future is still open; it is to be decided. A strong willed wisdom, grasping in a synoptic view the totality, the dynamic assessment of all the factors, can decide it—in coherent action from step to step, carefully refraining from unleashing those sinister social chain reactions in which the interplay of blind forces gets out of hand. The future has not yet any meaning derived from the historical process as a whole. Man—the present man—gives the

meaning or fails to give the meaning: in the happiness or misery of man.

This is the natural philosophy of history of the acting statesman, as he is called upon not to interpret history but to make it. To this natural philosophy even the totalitarian statesman adheres in his heart, whatever the metaphysics of history that his lips profess. I stress this point: it may be that the "scientific" interpreter of history would do better to change his post of observation and exchange the usurped throne of an observer outside history for the soul of man inside history, lest the flesh and blood of life escape his eyes.

Now the real statesman and the politician part company. While the politician merrily plays his game from one short-lived smartness to another, trusting that he will find a way out of every mess in which he gets entangled, the real statesman is not allowed to be, like ordinary man, a short-range planner and a long-range dreamer. He is bent on shaping the future. He does not take it for granted. If he fails—there may be no future for his nation, or, under present conditions, even for mankind. He knows his ends, he has a goal, a hierarchy of purposes, long-term and short-term; he subordinates one to the other; he has a vision of both the possible and the desirable and looks at the one under the aspect of the other; he thinks the possibilities through to their end; he follows up his actions, keeping ready a possible answer for whatever their foreseeable consequence—trying to keep his hand on the events and their interaction, flexible at short range, rigid at long range, passionately reasonable, a knower of human nature, suspicious even of his own love and hate and of the many passions that blind the children of man. His eyes are cold and hard yet the flame burns in his heart as he opposes his specific virtue to the play that necessity and chance play with each other.

Who is, of what kind is, the philosopher of history to whom this statesman should listen? First it is he who listens to the statesman. He takes into account the fundamental situation of the acting statesman, which after all is only the situation of man,

the finite being, writ large in the capital letters of history. He does not construct the unity of a plot or presuppose meanings to be derived from an ultimate end of a process in time. His meaning is here, present at any moment, in the happiness of miserable man, in the excellence of the peace we enjoy, in the deeds we do, the laws we give, the songs we sing, forever precarious. He worries as little as any man in action about the famous problem of freedom and determination; it is the problem of whether relatively to an all-knowing observer outside history the future is determined by a finite number of parameters which obey rules that have the mathematical form of linear differential equations of the second order—the specific system of determination which, applied to the succession of events in time, we call, or alone should call, "causality." History is what it is to man, and man's possible knowledge is limited. His problem is the inner structure of history, its "logos," the eternal interplay of its forces and factors as man, moving in a space that moves, acting and being acted on, carries the past into the future. As this philosopher of history is willing to listen to the statesman, the statesman will be willing to listen to him, as he surveys the enormous spectacle that history unfolds in space and time. Here man, the finite being, potentially the best of all animals and by far the worst, the history-made maker of history, in one its creator, its creatum, and its creandum, wrestles to give history a meaning, succeeds and fails. God is guiltless—the guilt is man's.

The play of births and deaths reaches from a half forgotten past through a confused present into an unknown future. Actualities emerge from the sea of possibilities, change and sink. Societies, tribes, cities, realms, empires, nations strive and wane. Worlds in the world grow and decay. The gentle graciousness, the moans of sorrow, the shining deed, the dark misery, the smile of love—together they rise and fade away. The past curbs the future and releases it, begets and strangles it. Bodies of half completed worlds emerge and disappear. Many are choked in their youth, others dry up and ossify. Piles of debris cover the bones—only a

few remain visible in the pale light of the historian. Thus this philosopher opposes to the metaphysician of history another picture, a pitiless one it may be, but one that at least is not in any moment contradicted by history itself, and is even able to stand the test of the atomic bomb without resorting to the cunning of reason.

It is a strange play; there is no audience. The actors themselves are its sole observers. No actor, not even a community of actors, stays through the play from beginning to end. Even any hero drops out after hardly more than half a scene. Most of us are poor actors, playing merely ourselves. There are no rehearsals, no script. We do not know our lines, though we have only a few to say. We must be satisfied if the two lines we improvise make sense to ourselves or to our nearest co-actors for some time or seem worth being remembered. It may not be a play at all, as it lacks the unity of a plot. If there is to be a meaning, the actors must provide it during the play. This is the core of their acting. Yet man, unable to do so or slighting this humble meaning, poses as a divine observer outside the play. The metaphysician of history pretends that every scene is what it is by virtue of its role in the play as a whole, whose meaning he knows and is going to proclaim. But any such interpretation of the plot as a whole and its meaning—the philosopher's insistence that there must be such a meaning of the whole which justifies the parts—is itself a product of history; the interpreter of history shapes his interpretation to fit the more or less ephemeral lines he wants to say.

This is a cruel picture. It does not, however, deprive history of meaning. It merely charges man with giving the meaning—to the present with respect to a foreseeable future. Thus it puts the statesman or the collective statesmanship of a nation before its ultimate task.

I come to the end. I return to the situation in which history as history is concrete—the situation of the acting man. It may be that the real statesman needs, though not any metaphysician

of history, another kind of philosopher or his equivalent in his own soul—the knower of “the good” that guides his notion of the desirable and directs his quest for the right and wrong of his ends.

You find in some writings of a great man of ill repute—Machiavelli, who was not merely the technician of force we scorn—an occasional reference to the powers which jointly and in interaction dominate the situation of man. He calls them *necessità*, *fortuna* and *virtù*—necessity, luck and virtue, though the latter word has not quite the connotations of our time. It has a more manly sense. Machiavelli follows an ancient tradition; the three in Greek are *Ananke*, *Tyche* and *Arete*. We can formulate this specific virtue in terms of the ways in which the real statesman handles the two others and their interplay—how he recognizes, endures, stands, evades, slips by, or uses the power of *necessità*, how he gives *fortuna* a chance to help and no chance to thwart him, eagerly seizes its favor and firmly stands through its malignity. A description in these terms, however, though it may go pretty far, remains defective. This *virtù* may still be mere efficiency for power's sake.

But there is, obviously dependent on the same ancient tradition, another list of these “powers” that sway the destiny of man. Goethe, in a poem called “*Urworte, orphisch*,” lists five, not three. Besides *Ananke* and *Tyche* appear—instead of *Arete*—*Daimon*, *Eros*, *Elpis*: the inner demon in man's soul, love and hope. It is again not quite our meaning of love; it is nearer to Plato's *Eros*, the drive toward that idea of the good which is the ultimate source of all meanings. Now only can I complete the specific *virtù* of the real statesman. This *virtù*, if defined as the capacity of wrestling with *necessità* and *fortuna*, would be blind though efficient; on the other side, it would be a mere dreaming and a powerless pity were it to be defined as the possession of mere love and hope, however sublime. This specific *virtù* of the statesman embraces both pairs; it refers the one to the other, end to means, knowledge to action, the desirable to the possible.

Thus the ideal statesman strains himself to compel the play of necessity and chance to carry love and hope into the reality of a future.

Even the real statesman, however, may not succeed. Success is no reliable criterion. History is harder. The power of *necessità* and *fortuna* may be enough to crush the greatest skill of the greatest love.

Let me end with a quick glance at the particular situation of the modern statesman. My picture of the real statesman may seem unreal, beyond the frailty of man. It is an ideal. The ideal measures the performance. It is not arbitrary, however. It is what the *logos* of action in history requires. Since this ideal claims to be universal I did and could not formulate it in terms of any particular conditions such as ours. In the industrial society of our own age many seem to think of the historical process as nothing but the interaction of all social, economic, political, technological "trends." We make ample though rather loose use of this term. We believe in, rely upon, and like to comply with "trends." If, however, we condescend to take the soul of man as our post of observation we cannot help rediscovering behind and within these trends the living reality of action and decision. These trends drown in their averages the single action of any one of the many millions, and even the range of their divergences. To the statesman, who must make decisions, these trends are but material for recognizing, or guessing at, the element of *necessità* in the forces and factors whose interplay these trends reveal or conceal. To him those five eternal powers still stand—*necessità* is not alone. Many a belief in a trend is but a convenient excuse. Some of the most sinister trends of the past or coming decades are but the consequences of the blindness and stupidity of past actions and decisions. We shrug our shoulders and point to a trend. Yet the guilt is still man's.

I admit, however, that there are times in which the situation goes far beyond what any single man can do. If there was ever such a time it is ours. No single man can live up to the ideal

picture of the statesman unless supported by the statesmanship of a whole nation. Look at the present scene: the aftermath of a total war, a half devastated world; shattered, dislocated or confused are minds, souls and bodies, the moral standards of both victors and vanquished, traditions, loyalties, hopes, ideas and interests; blind passions, held down but by hunger; a thick fog of old and new lies—this is the situation in which humanity gropes its way along the abyss of its technological advance, frightened yet still dreaming. But even this situation has not pre-decided the future. Man—in this case the equivalent of the statesman or the politician in the nation as a whole and thus in each of us in particular—man himself will decide it.

## BOOK REVIEWS

BAKER, JOHN R. *Science and the Planned State.* New York: Macmillan. 1945. 120 pp. \$1.75.

Mr. Baker's little book is a sequel to an earlier volume, *The Scientific Life*, published in 1942. The purpose of both publications is to warn against a centralization of scientific research under the supervision of the state. Since the present book was completed the discussion of this issue has taken an unexpected turn which is due to the political problems raised by the atomic bomb. The question at present is intertwined with paramount problems of international policy. Legislative measures adopted in this country, Great Britain and Canada have been instigated by the present international situation and the general political outlook. This aspect of the problem is hardly touched upon in the book, but most of the points made in it in defense of freedom of scientific research have been vigorously endorsed by the scientists who have discussed the bills on nuclear research.

Mr. Baker attempts to refute first of all the claim made by many proponents of state-controlled centralized research that science has value only in serving the material welfare of the community. He insists that "it has a positive primary value as an end in itself like music, art and literature." The true scientist, he asserts, is actuated primarily by the aim of discovering truth, regardless of the practical consequences of the discovery. State control over inquiry is likely to weaken this impulse by overemphasizing the function of research in promoting material welfare.

Moreover, such a control may be expected to cripple the creative imagination of great scientists. They would be given definite assignments, and thus prevented from following sidepaths that might open up unexpected vistas. The author never tires of stressing the great role of chance discoveries in the advancement of science. And finally, state control of research would almost inevitably lead to the suppression of any kind of investigation that might undermine, or be suspected of undermining, the scientific foundation of views held and propagandized by political rulers. The discouragement of the study of genetics in Soviet Russia is presented as a case in point.

Mr. Baker is a natural scientist (he is a lecturer in zoology in Oxford University), and his book is almost exclusively concerned with the natural sciences. But it goes without saying that state control of research in the social sciences is even more dangerous. To reconcile it with political freedom is virtually impossible.

I endorse wholeheartedly the cause for which Mr. Baker fights, but I do not find all his arguments fully convincing. I shall confine myself to mentioning one instance where he has not persuaded me by his reasoning. In order to substantiate his claim that the efficacy of scientific research is impaired by state control he sets out to compare the scientific achievement in the Soviet Union with the accomplishments in other countries. Seven lecturers in science at Oxford were asked by him to prepare a list of the most important scientific discoveries between the two world wars. They offered twenty-seven items, and it turned out that none of these goes to the credit of a Soviet scientist. It is obvious that this outcome cannot be considered very significant evidence for the thesis under examination, even if we grant that it proves the level of scientific achievement in Soviet Russia to have been lower than it was in the countries where research is free. This state of affairs might be imputed to factors other than state control over science.

While I grant that centralization of research and its direction by the state would impair scientific progress in the long run, I believe that the effects on human freedom would be even more detrimental, and that centralization and state direction should be opposed primarily for this reason. Mr. Baker would probably agree, even though he has not stressed this crucial point as much as he might have.

FELIX KAUFMANN

LENGYEL, EMIL. *America's Role in World Affairs*. New York: Harper. 1946. xii & 278 pp., appendix 40 pp. \$1.60.

On the basis of the past record this study of the political issues confronting the United States attempts to establish the outlines of future policy and of the best means for carrying it out. Since the ground covered is vast it was necessary, of course, to be highly selective. And broadly speaking, the author has been successful. He discusses, however briefly, the policy of the United States in the West, the East, Europe, the Soviet Union, and he critically reviews the League of Nations and other examples of international organization, the Charter of the United Nations, and problems of the future. But this condensation was achieved at a price. The account, popularly written, is frequently cursory to the point of being superficial, and as a result of an understandable effort to avoid burdening the narrative with dates, the time sequel of events is sometimes blurred.

In discussing types of international organization the author refers to the Holy Alliance but fails to mention the Concert system, which

exercised a profound influence on the development of international cooperation in the nineteenth century and to some extent affected even the establishment of the League of Nations and of the United Nations. The League comes in for a good deal of criticism, partly deserved and partly entirely unjustified. Thus the author seems to hold that all decisions of the Council required unanimity, which of course was not the case; that the Secretariat "helped to break" the League; that the League had power to arbitrate disputes; that "time and again it convoked disarmament conferences"; that it "asked its members to apply sanctions to the Soviet Union" in 1939; that Avenol, the Secretary General of the League, "deserted Geneva" when World War II began; and that the League "was impotent to act because it lacked armed forces of its own." Statements like these can hardly give an accurate picture of the League system. In a different context the author asserts as the truth what to say the least is controversial: that the word of the President of the United States is not binding upon his successors. He also seems to approve the idea of a cooling-off period between the cessation of hostilities and the drawing up of the peace pacts. No more unfortunate idea was invented in the course of World War II than this one.

The treatment of the United Nations is regrettably short. The importance of the veto of the permanent members of the Security Council with respect to the "teeth" of the United Nations is not sufficiently elaborated. The Secretariat is not a "permanent steering committee"; the Economic and Social Council cannot "take a hand" in settling economic troubles; measures of self-defense may be resorted to without the authorization of the Security Council; and there is no pledge in the Charter "to abide by the rules of justice and international law." In speaking of the problems of peacemaking the author is broadly in favor of middle-of-the-road solutions. He urges the United States to accept an active part in the leadership of the world, and "to carry its share of the burden of making that world a better place in which to live."

Throughout, the author endeavors to provoke more intensive thinking on international problems, and at the end of each chapter he lists some "suggested activities." Thus the book closes with the assignment: "As a historian living in 2150 A.D., write a paper describing the status of the world before it achieved a world organization." The reviewer takes pleasure in passing this on to whom it may concern.

LEO GROSS

*Fletcher School of Law and Diplomacy, Tufts College*

NICKERSON, HOFFMAN. *Arms and Policy 1939-1944*. New York: Putnam. 1945. xi & 356 pp. \$3.50.

Hoffman Nickerson, who, in *The Armed Horde*, has already pointed to the growing ruthlessness and limitlessness of mass warfare, continues that discussion in *Arms and Policy* with considerable verve. The present work contains three parts: the first discusses the background of the recent war in terms of the growth of mass warfare; the second sketches briefly and skilfully the outline history of World War II through 1944; and the third contains Nickerson's discussion of the military problems of the foreseeable future and his recommendations, continuing his analysis in the light of developments since 1944.

As a student of military history, Hoffman Nickerson is an admirer of the military practices of the eighteenth century and a forthright advocate of limiting warfare. Until recently the prospect of limiting war has seemed to many people more realistic than that of abolishing war. Whether this is still the case is a moot question. Nickerson, who sees the abolition of war as an impossible task, has also certain doubts as to the practicability of its limitation. He is, however, more optimistic than many of us. He believes that the United States cannot be invaded and that "unless the entire planet should be destroyed, the same physical science which has produced the atomic bomb will probably find some appropriate defense."

Nickerson takes serious issue with the more extreme advocates of air power. While noting that the plane-tank team has modified the triumph of the gun in modern war, he doubts the efficacy of strategic bombing, which he forthrightly describes as "baby killing," and points to the lesson of history that wars are won in battle. Although he is cautious in prophesying, and perhaps because he is, Nickerson's historical analysis and his judgment of the future in terms of that analysis command respect. There are moments when his own humane preferences seem to induce him to grasp for straws. In reference to the Pacific war, for example, he speaks of MacArthur's policy of economy in blood-letting, finding hope in a changed attitude toward massacre. Whatever the attitude, however, the realities of Tarawa, Iwo Jima and Okinawa permitted no such economy.

If the review of a book on military history and policy concerns itself with political matters, Hoffman Nickerson is himself responsible for that fact. He not only recommends a return to limited warfare. He shows a marked dislike for nearly every political policy more recent than the eighteenth century. *Arms and Policy* is a partisan book, and a partisan book to which serious objection can be made.

His preference for economic nationalism is hardly consistent with the statement that a temporary world state, consisting of the American and British governments which share the atomic bomb secret, now exists. How the responsibilities of such a state can be met by even a "moderate nationalism" is not clear.

More serious, however, are Nickerson's facile interpretations of historical situations and ideas. The statement that "Rousseau is the half-baked Messiah of all modern subversive movements," the attribution of French disunity solely to the Popular Front, the discussion of Italy's defection from the Western Powers and her alliance with Nazi Germany in terms of the League's "farcical half-measures" in Ethiopia, without a single mention of Mussolini or the fascist state, are both unfair and inaccurate. Similar statements are abundant. Moreover, Nickerson refers to Karl Marx as "a Jew whose real name was Mordecai." The epithet "Jew" is explicitly applied to all members of that race mentioned in the book, except Jesus of Nazareth; there it does not appear. Nickerson characterizes all those who believe in social legislation as "fellow travelers," and states that such legislation, along with high taxation, "trends strongly towards despotism." He reconciles his admiration for Great Britain with his dislike for parliamentarism by facilely denying that Britain is democratic.

Deeply as one may sympathize with Nickerson's Christian and humane attitude toward war, one must regret that he should find it necessary to include so many casual and unsubstantiated political statements. Moreover, whatever may be the historical relation between democracy and mass war, no inevitable correlation between democracy and ruthlessness has been established.

HOWARD B. WHITE

*Coe College*

SHANAHAN, WILLIAM O. *Prussian Military Reforms 1786-1813*. New York: Columbia University Press. 1945. 233 pp., appendix 35 pp. \$3.25.

Few subjects have been of more absorbing interest to military historians and professional soldiers alike than the regeneration of the Prussian army in the years 1807-13. In that brief period the army that had been smashed at Jena and Auerstädt showed a remarkable ability to recuperate from apparently fatal wounds, and became able to make a notable contribution in the campaigns leading to Napoleon's final overthrow.

Many legends have grown up to account for this amazing recovery,

and some have been zealously nurtured by reputable historians. One of these legends, and perhaps the most stubborn, concerns Prussia's shrewd evasion of the limits set by Napoleon upon the size of Prussia's army. By the Treaty of Paris of September 1808 the French emperor restricted Prussia's armed strength to a maximum of 42,000 men. Yet Prussia, it was long believed, was able to increase that number to some 150,000 by the simple expedient of releasing men to the reserve after they had received a short but rigorous training in military essentials, and filling their places with new recruits. This employment of a quick turnover—known as the *Krümper* system—is supposed to have enabled the army to grow steadily in numbers until the day of reckoning with the Corsican, even though the forces under arms never exceeded the imposed limit.

This plausible myth, already the subject of criticism by some previous historians, is definitely laid to rest by the author of this new study of Prussian military reforms in the years 1786–1813. With a painstaking analysis of existing evidence Professor Shanahan points out clearly that the so-called *Krümper* system was by no means new but was established in the Prussian army during the eighteenth century for the training of reservists; that it was certainly not designed as a means of evading Napoleon's imposed limit on armed strength, since it was reintroduced a month before that limit was set; and that, in any event, it was ineffective in adding greatly to the strength of Prussia's army. By 1813 Prussia's armed forces totaled only some 65,000 men. The significant expansion of the army followed the outbreak of hostilities, and was achieved by the introduction of universal conscription in the *Landwehr* decree of 1813. The *Krümper* system was not without importance. As Professor Shanahan points out, the men trained by it and the personnel of the regular army were used to form cadres for receiving the conscripts of 1813. But it was universal military service which gave Prussia the forces that made her weight felt in the field.

In his treatment of the general question of conscription Professor Shanahan has not restricted himself to an analysis of the *Krümper* system. He deals at length with the organization and weaknesses of the Prussian army before 1806, with the reforms advanced by Knesebeck, Courbière and others, with the first proposals of the Military Reorganization Commission, of which Scharnhorst was the most notable member, and with the limited success of those proposals. In his account of the mobilization of 1813 he shows the extent to which a national conscription policy was influenced by the initiative grasped

in East Prussia by Stein and York—men who, although in official disgrace at the time, had the daring to establish in their own province the system that was to be the model for the now famous national *Landwehr*. Some experts on the period will doubtless feel that this emphasis tends to minimize Scharnhorst's role in 1813, but Professor Shanahan pays sufficient tribute to the work of that great reformer to offset any such criticism.

Throughout this work the author is concerned with the problem of conscription, and he quite naturally deals in less detail with the other reforms of the period. He quite correctly views the creation of a Ministry of War in Prussia as one of the most important achievements of the reform period, and his treatment of the reorganization of the officers' corps and the improvement of military education is more than adequate. Professor Shanahan has less to say about the advance in tactical and strategical thinking, and restricts himself rather too sharply in his discussion of Bülow, Berenhorst, Massenbach and others. He makes it clear, however, that the literary activity of the reformers of the period of liberation effectively destroyed the complacency of the old Frederician officers' corps, and produced that curiosity and openness of mind which became an outstanding characteristic of the nineteenth-century Prussian army and made its staff work a model for the armies of the other powers.

GORDON A. CRAIG

*Princeton University*

TERBOROUGH, GEORGE. *The Bogey of Economic Maturity*. Chicago: Machinery and Allied Products Institute. 1945. xviii & 226 pp., appendix 30 pp. \$3.

The arguments put forward by a number of economists of the Keynesian school, referred to by the author as "stagnationists," are here subjected to severe and often violent criticism. These economists, as is well known, maintain that our economy has reached a stage of maturity in which outlets for private investments are insufficient in relation to the community's propensity to save, and that therefore full utilization of manpower and equipment will not be attained in the future without large-scale government planning and intervention.

Violent criticism of this school of thought has been widespread for some time, but it has usually come from persons who do not accept the theoretical foundations of the mature-economy arguments, that is, the so-called "Keynesian" approach to the problem of large-scale involuntary unemployment, and therefore these theoretical foundations

have been the main focus of its attack. Some criticism on this point is to be found also in the present volume, but it is brief and only half-hearted. On the whole Mr. Terborgh seems to accept the starting point of his opponents, the contention that if capital formation proves inadequate to absorb the flow of savings forthcoming at full employment, then full employment cannot be maintained. Thus, in spite of its verbal violence, Mr. Terborgh's fight against the stagnationists appears more like a quarrel within the school than an attack against the school. The disagreement is no longer about theory but essentially about facts: do the facts we know about our economic system justify the conclusion that private capital formation will tend to be deficient in the future? Mr. Terborgh's goal is to show that the answer should be decidedly in the negative.

The theoretical and statistical arguments used for this purpose are of very uneven quality. Furthermore, the value of the work is greatly impaired by the author's tendency to treat the stagnationists' arguments as if they were interested propaganda, and to proceed as if he himself were a counter-propagandist rather than a student in search of truth.

The arguments brought forward to deny the unfavorable influence of a declining rate of population growth and of the so-called "passing of the frontier" are, on the whole, rather unconvincing and often beside the point. More interesting and conclusive are the discussions concerning the "dearth of great new industries" and the extent of self-financing by corporations. The author shows that the three great industries (railroad, automobile and electrical industries) never accounted for more than 20 percent of gross capital formation, and that consequently their importance in absorbing capital is exaggerated by the stagnationists. Furthermore, he rightly points out that the existence of many minor technological developments may fully compensate for the lack of one great industry; in fact, such a diversified development may well be expected to dampen those violent fluctuations in capital formation which tend to result from dependence on a single industry. As for self-financing, the author presents interesting estimates of gross capital formation and gross savings of all non-financial corporations. Although the interpretation of this record is far from easy, it does not seem to substantiate the alleged tendency toward increasing self-financing by corporations.

Another point on which we can agree to some extent with Mr. Terborgh is his criticism of what he calls "the great guessing game," which is the attempt to forecast the volume of savings that would be

forthcoming at full employment, and therefore the volume of private investment that would be necessary, in the absence of direct government measures, to maintain full employment. While this method is certainly a powerful tool of analysis, it is true that the volume of savings forecast for the postwar era is often unacceptably high, especially since the best available estimates show that in the last seventy years the ratio of savings to income has had no tendency to increase (if anything there seems to be a slight declining tendency in the last decades). This inclination to overestimate savings, along with the undeniable difficulty of seeing in advance new fields for profitable investment (witness the famous gloomy forecasts of the late 1880's), has undoubtedly led to unjustifiably pessimistic expectations.

In contradiction to these pessimistic forecasts the author calls attention to a number of factors, some general in character, some specific to the United States, which may be expected to affect favorably both savings and private capital formation. On the savings side it is pointed out that with the approach to a stationary population there occurs a change in the age structure which, *ceteris paribus*, should tend to reduce the volume of net savings, since "the number of persons beyond working age who are prevailingly dissaving rises relative to the number of workers whose income supplies most of the community's savings." In the United States this general phenomenon, according to the author, should be reinforced by various special factors, such as the growing tendency to finance retirement through the consumption of both principal and interest, the spreading of private pension plans, the federal old-age insurance system. Other factors that should equally tend to reduce the ratio of savings to income are higher income taxes on middle and high income brackets, and higher gift and estate taxes, which are typically paid by drawing on the principal (that is, by dissaving).

On the investment side the author, applying a general principle developed in two lengthy and unnecessarily complicated chapters, calls attention to the eventual emergence of a large-scale demand for the replacement of buildings and other long-lived structures. This replacement has been negligible in the past, on account of the abnormal age composition of the existing stock, but should in the future considerably outweigh the unfavorable effect of decreasing population growth and play a significant part in sustaining capital formation.

On the whole, there is no doubt that this volume contains some valid criticism of the mature-economy arguments and that, by point-

ing to important favorable factors that tend to brighten the long-range outlook, it represents a useful reaction to the stagnationist tendency to see only the dark side of the picture. But in spite of Terborgh's analysis it remains true that the crucial problem we face in this country, if we are to maintain a system of free enterprise, is that of absorbing the volume of savings that may be expected at full employment. Without indulging in undue pessimism we should be prepared for the worst; and, for this purpose, it is of crucial importance for American business to realize that an appropriate fiscal policy, even though it may lead to deficit, is not only perfectly "sound" but in the very interest of business itself.

In this connection the brief remarks of this book on the question of economic policy are extremely interesting and significant. We find, in fact, that the author eventually subscribes to the principle of compensatory fiscal policy. This is indeed encouraging, especially since the Machinery and Allied Products Institute refers to the volume as "an official Institute product" (Foreword, p. vii). It is true that the acceptance of this policy is qualified by two conditions: first, that it should not be regarded as a cure for everything but should instead be accompanied by "measures to minimize the need for it"; and second, that it should be used only as a "measure of contracyclical action." But the first of these two qualifications is to be taken for granted, and the second is of little practical importance: once we agree on the proper measures of policy to fight general unemployment, the question whether the deficiency in capital formation is of cyclical or of secular nature is scarcely more than academic.

FRANCO MODIGLIANI

*Institute of World Affairs*

DRAKE, ST. CLAIR, and CAYTON, HORACE R. *Black Metropolis. A Study of Negro Life in a Northern City.* [With an introduction by Richard Wright.] New York: Harcourt, Brace. 1945. xxxiv & 809 pp. \$5.

*Black Metropolis* is a comprehensive study of the Negro community in Chicago in its historical, ecological and functional perspectives. As a popular interpretation of sociological data it is well written and readable, and should appeal not only to the layman but to the professional sociologist as well. The work has the essential honesty of an ethnographic treatise, and contains no note of special pleading. If there is an implied theme in the book it is that the culture of the American Negro is representative American culture and that the prob-

lems and lives of Negroes are the problems and lives of other Americans, but that both phenomena possess special emphases. These special emphases in Negro life and culture are functions of membership in a subordinate caste, and they reflect the Negro's accommodation to, and his revolt against, that position.

The principles of the "American dilemma" with reference to the northern, urban Negro are unemotionally brought forth. But for the reader these principles often become so diffused in the excellent illustrative matrix which bears them that he finds it difficult to retain them; analysis is interwoven with historical material, case study fragments and interviews. Thus the principles and generalizations induced by the authors are difficult to excise. A summary statement of principle would have diminished this difficulty.

The book is divided into three parts. The first part contains a fascinating picture of community growth, not only of the Negro community in Chicago but of the city itself. A concise narrative of the relative freedom and integration enjoyed by the Negro prior to the Civil War is followed by material on the growth of the black belt, the great migration to the city during World War I, its aftermath in the Chicago race riot of 1919, life in the fat and politically minded twenties, in the hungry thirties and during the period of World War II.

In the second part the significance of color in its various manifestations is examined. Among the subjects that are critically evaluated in this discussion are the problem of equality, and what Negroes think regarding equality; such issues as crossing the color line, intermarriage and "passing," and the iron ring around the ghetto formed by restrictive covenants; the problem of making a living, the job ceiling, and the concept of the "proportionate share" as a measure of discrimination; and, finally, the whole ferment of union growth and changed political consciousness.

The third part of the book deals with certain special expressions of culture and society as they are conditioned by the American caste system. Concepts such as "advancing the race" and "the measure of a man" are scrutinized. The peculiar characteristics of Negro business, such economic doctrines as the "double duty dollar," and the special role and status of certain occupations, for example those of the beautician and mortician, are analyzed in considerable detail. The "policy racket" is examined as other anthropologists might delineate the functions of marriage-sections in aboriginal Australia. In the consideration of status differentiations attention is given to the class systems developed within a lower caste, and their corollary religious,

social and recreational behavior. The section dealing with status differentiations and their attendant satisfactions is perhaps the most illuminating part of a highly illuminating book. Phenomena centering in the discontent arising from the increasing crisis in the American caste structure are carefully examined, and the book ends with a "Methodological Note" by W. Lloyd Warner, in which, in seemingly after-the-fact manner, he reiterates his dicta on community study and the American class-caste system.

NORMAN D. HUMPHREY

*Wayne University*

**BRYSON, GLADYS.** *Man and Society: The Scottish Inquiry of the Eighteenth Century.* Princeton: Princeton University Press. 1945. 287 pp. \$3.

Students of sociology will be grateful to Professor Bryson for her painstaking analysis of a unique accomplishment in social thought. The historian of sociology, in particular, will benefit from her effort to demonstrate the living and constructive elements in Scottish philosophy of the eighteenth century. The author mentions explicitly that her study resulted from a critical attitude toward certain trends in contemporary sociology.

Miss Bryson has not limited her investigation to the Scottish writers who are usually regarded as founders of the social sciences. In order to show the unity of Scottish philosophy as a whole she includes, for example, Thomas Reid and James Burnet. This is a productive method of approach. It would also have been desirable, however, to examine more particularly the forces that made for the unity of the social and epistemological branches of the Scottish inquiry. Miss Bryson, though she is well aware of the various elements that went into the formation of that school, has given scant attention to historical implications.

It is true that the Scottish mode of thinking had affinities to certain contemporary attitudes in the social sciences and in philosophy. But it also had illuminating differences, for the Scottish inquiry occupied a specific historical place in social thought. It was the end of a long period of social philosophy, rather than the beginning of a radical innovation. Although the Scottish professors strove for empirical and experimental procedures and for scientific methods, they reconciled these modern tendencies with the classical traditions of social philosophy as established by the Stoics and carried on in the philosophies of natural law. This eclecticism is a characteristic element in the

Scottish pattern. It indicates the humanistic attitude of the Scottish professors, who were concerned primarily with the nature and destiny of man in an era of rapid transition. Their systematic achievement can be fully appreciated only if it is understood as the scientific transformation of the pattern of natural law philosophy under the influence of Locke's psychology and Montesquieu's rationalism.

The book's insufficient attention to such historical perspectives has led to various errors in interpretation which mar an otherwise admirable study. Thus it is misleading to speak of a "radical" aspect of the Scottish attitude. Its characteristic feature was its very moderation. A more important misinterpretation is the description of the Scottish theory of progress as a philosophy of history. That is exactly what it was not. To the whole school history was the arena of irrational drives and human selfishness, a grim and hard reality which man must consider with suspicion. Progress, or the development from primitivism to civilization, was seen in terms of human self-realization, not of history. This misinterpretation prevents the author from seeing the nucleus of historical sociology in Ferguson's work on Roman history, which, in emulation of Montesquieu, was an analysis of the elements that constitute political success or frustration. Indeed, Ferguson made a very specific contribution of his own, but he is described as part of the pattern of Scottish thinking, sharing the traits that were common to the group. Also, it is a mistake not to differentiate Hume's and Adam Smith's theories of sympathy. Smith vigorously attacked Hume, and was rightly convinced that he had made a considerable stride forward in recognizing the cognitive function of sympathy in the acts of sympathetic understanding.

ALBERT SALOMON

FINK, ZERA S. *The Classical Republicans. An Essay in the Recovery of a Pattern of Thought in Seventeenth Century England.* [Northwestern University Studies in the Humanities, No. 9.] Evanston: Northwestern University Press. 1945. xi & 225 pp. \$4.

It was through a restoration, and transformation, of classical republicanism that modern republicanism came into being. This restoration in seventeenth-century England by the "classical republicans" (Harrington, Milton, Algernon Sidney and others) forms the central subject of Miss Fink's scholarly study. Her analysis of these men and their views of mixed government is prefaced by a sketch of the teachings of earlier thinkers, particularly Machiavelli, Thomas More and Gasparro Contarini. It appears from her presentation that the two

most important sources of inspiration for the "classical republicans" were, aside from the authors of classical antiquity themselves, Machiavelli's *Discorsi* and the constitution of Venice as it actually was or was believed to be. Particularly valuable is what Miss Fink has to say about the influence which admiration for Venice exerted on English thought and letters (on Shakespeare and Swift, among others) and, above all, her analysis of Harrington's *Oceana*. She concludes her discussion with an investigation of how the ideas of the "classical republicans" "entered in one way or another into the thought of the great English political parties," especially the Whigs.

As indicated by the subtitle of the book, the author is more concerned with the dependence of the "classical republicans" on classical models than with their transformation of them. Her presentation nevertheless confirms the view that there is a fundamental difference between their teachings and those of classical political philosophy. The "classical republicans" were basically more democratic than their classical teachers, if only in their adoption of the principle of popular sovereignty (pp. 14 ff., 19, 53-60, 67 ff., 88, 100 ff., 119 ff., and 172 ff.). They had studied Machiavelli, and Machiavelli (as distinguished from Polybius, who had suspended judgment on the subject) had explicitly preferred the expansionist and hence relatively democratic Roman republic to non-expansionist and aristocratic Sparta, to say nothing of other democratic elements of his teaching which are not considered by the author. Characteristically, Machiavelli's approval of imperialism was also adopted by most of the "classical republicans" (pp. 81 ff., 156 ff., 172 ff., and 188 ff.).

Of the fundamental views mentioned in this study none is more important than the belief in the possibility of "the immortal commonwealth," that is, a political constitution whose perfection would enable it to last forever without undergoing any change. Miss Fink finds "a classical counterpart" to this belief, which she avers was shared by most of the "classical republicans," in Plato's *Laws* (pp. 63 and 156). She does not, however, investigate the precise relation between the classical and the modern utopia. Harrington believed that the proper institutions would by themselves secure the state against dissolution from any internal causes. He could believe this because he held the opinion that the perfect character of the commonwealth is independent of the moral qualities of the citizens (p. 61). He thereby rejected the view of the classical thinkers, who defined the constitution not only in terms of institutions, but primarily in terms of the aims actually pursued by the community or its authoritative parts,

and accepted the view advanced by Hobbes that man, as the "maker" of commonwealths, can solve once and for all the problems inherent in man as the "matter" of them (*Leviathan*, Chapters 29 and 30). And he paved the way for Kant's assertion that the best, or the only legitimate, political order can be erected even in a nation of devils. In regard to the question of the relation between institutions and moral character, Richard Baxter (pp. 61 and 88) rather than Harrington was a "classical republican"—to say nothing of the fact that certainly Plato and Aristotle did not believe in the immortality of any commonwealth, however perfect.

Since the author is concerned with the restoration of classical ideals in seventeenth-century England, she is justified in disregarding the views of Thomas Aquinas and Calvin on mixed government. A glance at what these theologians had to say about the Hebrew state would have helped her, however, in tracing to its sources the view of the "classical republicans" that that state was an example of mixed polity.

LEO STRAUSS

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Subscription \$4 a Year; Single Copies \$1

Conrad Taeuber, *Managing Editor*  
U. S. Department of Agriculture  
Washington 25, D. C.

PRUITT, IDA. *A Daughter of Han*. New Haven: Yale University Press. 1945. 248 pp. \$2.75.

In recent years many books have been written on conditions in a modern and changing China, but there have been few on the traditions and customs, beliefs and superstitions of an older, more static China, and particularly few on the life of the decadent official families. It is to the latter category that this volume belongs, for it is the story of Ning Lao T'ai-T'ai, product of this older China, who as servant in several official families had exceptional opportunities to observe the corrupt life of a passing phase of Chinese social history.

Cast in the form of an autobiography as told to the author, the narrative describes Ning Lao T'ai-T'ai's experiences as child, mother and grandmother, covering the years from 1867 up to the Japanese invasion in 1937. This Chinese working woman seemed destined to a life of poverty and suffering. Starvation was a constant threat. Even in her later years she was forced to battle overwhelming odds to feed and clothe her grandchildren. And when, at last, comfort and security

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seemed assured—when her son was able to buy her a house, and her granddaughter, back from America and now teaching in a college, could send her money from time to time, and when she herself was able to lend money to others—her cup of fortune was overturned by the invader and her family scattered.

Out of the mass of seemingly trivial and inconsequential detail there emerges the picture of a dynamic personality, shackled by her unquestioning acceptance of traditional tabus and superstitions but forging ahead in an unceasing struggle for the welfare of her family. If the book fails to be exciting or dramatic, it at least portrays for us the common man of China, who asks so little of a material nature, who has infinite capacity for suffering and perseverance, and who battles with indomitable spirit against forces which he never despairs of overcoming. Such qualities in the common man may yet prove to be the very foundation for the rebirth of a great nation.

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